

# REPORT TO COUNCIL

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## Pleasant Hill Commons Redevelopment Project Plan Amendment

Prepared for:

**Pleasant Hill Redevelopment Agency**

**August 8, 2008**

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# **I. Overview and Background**

## **A. Introduction**

The City of Pleasant Hill (City) and the Pleasant Hill Redevelopment Agency (Agency) are considering an amendment (Plan Amendment) to the Pleasant Hill Commons Redevelopment Plan (Redevelopment Plan) that will add area (Added Area) to the existing Pleasant Hill Commons Redevelopment Project Area (Existing Area).

The Agency is preparing the Plan Amendment for consideration by the City Council. This document serves as the Report to Council for the Plan Amendment (Report to Council), as required by Section 33352 of the California Community Redevelopment Law (CRL), a part of the California Health and Safety Code.<sup>1</sup> The Report to Council is an integral step in the process leading to consideration of the Plan Amendment for the Commons Redevelopment Plan. It is the public document designed to provide the comprehensive information, analyses and evidence the City Council must consider when determining whether or not to adopt the Plan Amendment. The Report to Council is of value to all participants in the Plan Amendment process, as a statement of program needs, goals, activities, and costs.

Following the publication of the Preliminary Report, the first major background document in the process to consider the Plan Amendment, the Agency chose to remove the Hookston Station area from the area to be included in redevelopment. This Report to Council reflects the removal of the Hookston Station area.

The purpose of the Plan Amendment is to establish an Added Area Redevelopment Program designed to alleviate blighting conditions and foster housing and economic development in the Added Area. The Plan Amendment will help accomplish City goals in the Added Area by furthering economic development, revitalizing stagnant areas, and providing community enhancements.

## **B. Report Organization**

The Report to Council describes the reasons for amending the Redevelopment Plan, documents the blighting conditions in the Added Area and summarizes the projects and activities of the Added Area Redevelopment Program. The Report to Council also provides an assessment of financing methods and economic feasibility of the Plan Amendment, reasons why redevelopment is necessary and documentation of the Agency's adherence to the legal requirements for the Plan Amendment.

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<sup>1</sup> Health and Safety Code Section 33000 et seq. All Code Section references used in the Report to Council refer to the Health and Safety Code unless otherwise specified.

The Report to Council is organized into the following chapters:

- Chapter I presents a general overview and background of the existing Redevelopment Plan and the Plan Amendment and summarizes the reasons for amending the Redevelopment Plan to add the Added Area. It also describes the goals of the Plan Amendment, outlines the CRL requirements and presents the process for amending the Redevelopment Plan.
- Chapter II documents urbanization and adverse physical and economic conditions in the Added Area.
- Chapter III presents the Redevelopment Program and the goals and objectives for the Added Area. It also describes how the Redevelopment Program will alleviate the adverse conditions described in Chapter II and summarizes the anticipated cost of the Redevelopment Program.
- Chapter IV analyzes the financial feasibility of the Plan Amendment. It describes tax increment financing, details the alternative funding resources available to the Agency to accomplish the Redevelopment Program, and presents projections of the tax increment revenue that will be generated in the Added Area. Chapter IV also includes the reasons why tax increment financing is necessary to eliminate blight and accomplish the goals and objectives of the Plan Amendment.
- Chapter V discusses the Implementation Plan requirement, and refers to the Added Area Implementation Plan, which is included in Appendix G. The Implementation Plan outlines statutory requirements for non-housing as well as affordable housing activities. It sets forth the Agency's goals, objectives, programs, and expenditures for the Agency's five year Implementation Plan period, including program priorities and expenditure estimates over the five year period.
- Chapter VI describes the requirement for a plan for relocation of persons or businesses that may be displaced due to redevelopment activities.
- Chapter VII provides an analysis of the Preliminary Plan.
- Chapter VIII discusses the requirement for the Planning Commission report and recommendations.
- Chapter IX summarizes opportunities for public review of and comment on the Plan Amendment.
- Chapter X contains, by reference, the Environmental Impact Report (EIR) prepared in accordance with the California Environmental Quality Act (CEQA) for the Plan Amendment.
- Chapter XI includes the analysis of the Report of the County Fiscal Officer.
- Chapter XII includes a summary of the consultations with affected taxing agencies.

The appendices include supporting documentation and background information on the Plan Amendment, as follows:

- Appendix A provides a list of sources used to prepare the Report to Council.
- Appendix B includes the legal description of the Added Area.
- Appendix C contains photographic documentation of the adverse physical and economic conditions presented in Chapter II.
- Appendix D includes a matrix of potential funding sources for the Redevelopment Program.
- Appendix E includes supporting tables for the tax increment revenue projections.
- Appendix F presents the Report of the County Fiscal Officer.
- Appendix G contains the Implementation Plan.

- Appendix H contains the Preliminary Plan.
- Appendix I presents the Rules for Business Tenant Preference and Owner Participation and Relocation Assistance Program Guides.
- Appendix J contains the Planning Commission Report and Recommendation.

This Report has been prepared pursuant to the requirements of the CRL.

## **C. Background on the Pleasant Hill Redevelopment Project**

### **1. Description and Location of Existing Area**

The Pleasant Hill Commons Redevelopment Project, one of two Redevelopment Project Areas in Pleasant Hill, encompasses a 193-acre area that focuses on the downtown and nearby areas.<sup>2</sup> Originally adopted in 1974, the Redevelopment Plan for the 122-acre Commons Redevelopment Project Area was subsequently amended to add two other areas: Commons 1-A, a 7-acre area south of downtown (added in 1977) and the Monument Boulevard Area, a 64-acre area east of I-680 and south of Monument Boulevard (added in 2000). Together these three areas comprise the Existing Area of the Pleasant Hill Commons Redevelopment Project. The 193-acre Existing Area consists of office, retail, residential, and public uses, including the civic center, two major shopping centers and two hotels. Figure I-1 indicates the location of the Existing Area.

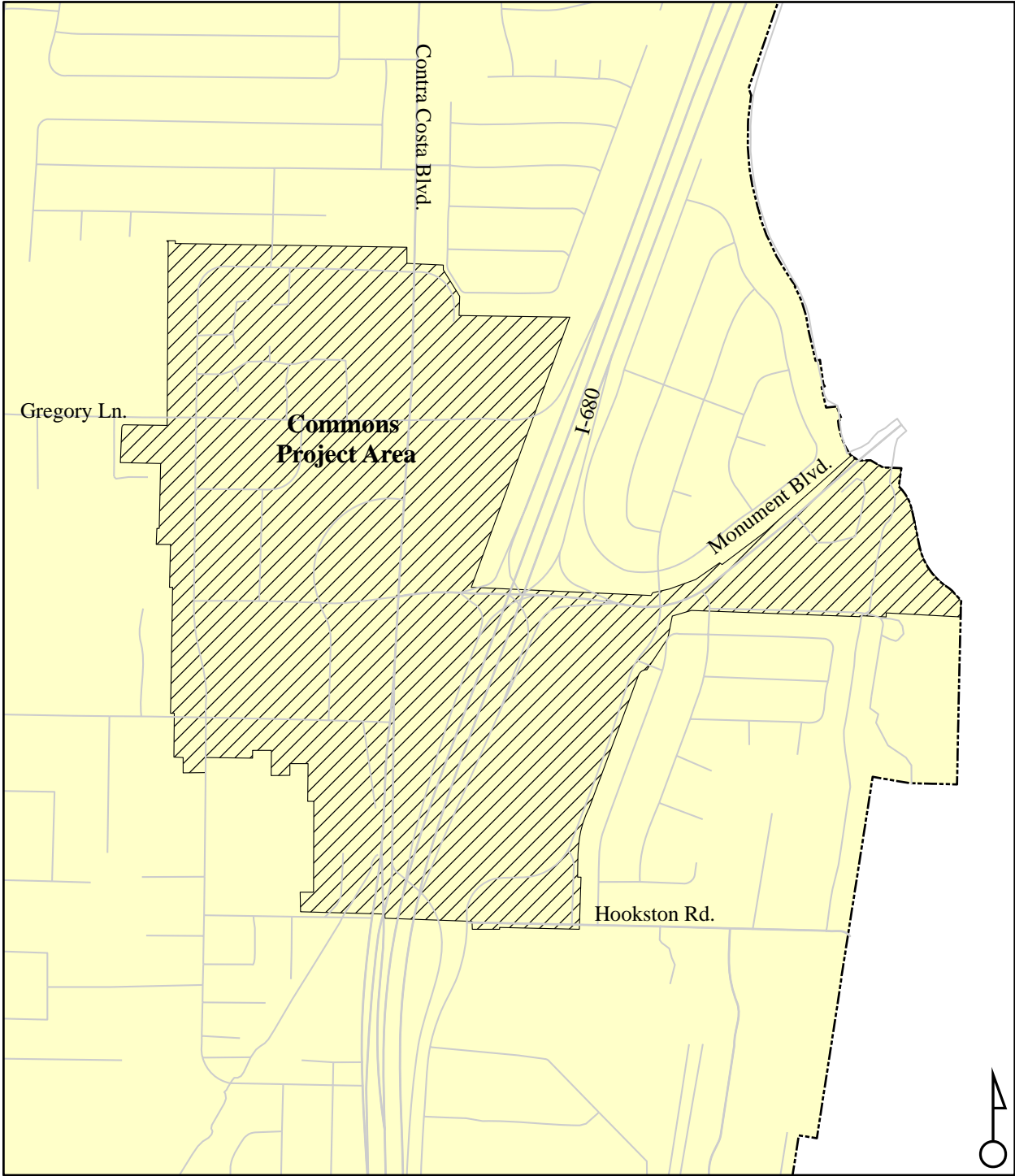
Table I-1 summarizes the existing time and fiscal limits for the Pleasant Hill Commons Redevelopment Plan. The Plan Amendment will not change any time or fiscal limits for the Existing Area. The Plan Amendment will establish separate time limits and a separate fiscal limit on tax increment collection for the Added Area, but the Added Area will be included within the existing Redevelopment Plan's limit on outstanding bonded indebtedness, as discussed in Section D.4 and shown in Table I-2 below.



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<sup>2</sup> The second Project Area is the Schoolyard Redevelopment Project, adopted in 1978.



Figure I-1  
Existing Area  
Commons Redevelopment Project



-  Existing Area
-  Pleasant Hill City Boundary

0 0.1 0.2 0.3 0.4 0.5 Miles

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Table I-1  
Summary of Redevelopment Plan Limits  
Commons Redevelopment Project Plan Amendment

Background Information	Commons	Commons Area 1-A	Monument Boulevard
Date of Adoption	5/21/74	12/19/77	6/19/00
Base Year	FY 1973/74	FY 1977/78	FY 1999/00
Project Area Size	129 acres		64 acres
Time Limits			
Time Limit Debt Issuance <sup>a</sup>	Repealed		7/5/20
Time Limit for Plan Effectiveness	5/21/17		7/5/31
Time Limit for Receipt of Tax Increment	5/21/27		7/5/46
Time Limit for Eminent Domain <sup>b</sup>	12/16/10		7/19/12
Time Limit for Replacement Housing <sup>c</sup>			
Time Limit for Receipt of Tax Increment for Replacement Housing	7/31/31		N/A
Fiscal Limits			
Limit on Tax Increment Collection <sup>d</sup>	\$346,000,000		None
Limit on Outstanding Bonded Indebtedness <sup>e</sup>	\$100,000,000		

a. Original limit for the Commons and Commons Area 1-A was January 1, 2004, however the City Council eliminated time limit on debt issuance, as authorized by SB 211.

b. Commons and Commons 1-A time limit for eminent domain was extended by the 1998 Plan Amendment.

c. For the sole purpose of the replacement housing program, the Redevelopment Plan authorizes additional time to collect tax increment.

d. AB 1290, effective January 1, 1994, eliminated the requirement for a plan to have a fiscal limit for tax increment collection. Therefore, the Monument Boulevard Added Area does not have a fiscal limit on tax increment collection.

e. Existing Area's \$100 million limit will also apply to Added Area.

Source: Pleasant Hill Redevelopment Agency.

## **2. Redevelopment Accomplishments to Date**

Pleasant Hill's Redevelopment Agency was created in 1973 in order to establish the Commons Project Area as a symbolic, functional and economic center of the community. The general goals and objectives of the Commons Redevelopment Plan are to eliminate blighting conditions; renew economic stimulation; foster growth in the Project Area as the heart of community activity; achieve a balance among commercial, public and residential space; and increase the supply of low and moderate-income housing.

Since the establishment of the Commons Project Area in 1974, the Agency has invested approximately \$40.7 million of property tax increment revenues in the area to alleviate blighting conditions. Redevelopment facilitated economic development and community improvements in the downtown portion of the Commons Project Area, which alleviated many of the blighting conditions in the downtown area. After completing construction of the downtown project and adding the Monument Boulevard Area with a Plan Amendment in 2000, the Agency focused primarily on redeveloping and rehabilitating the Monument Boulevard Area, in particular the Contra Costa Shopping Center. In 2004, the Agency partnered with PH Holdings, L.P. to redevelop the northern portion of the Contra Costa Shopping Center to include a 100,000-square-foot Kohl's Department Store and nearly 38,000 square feet of other commercial space, in addition to parking and infrastructure improvements. Construction recently completed in the center section of the Contra Costa Shopping Center included approximately 80,000 square feet of commercial space. Redevelopment of the shopping center allowed an established existing tenant, Friedman's Appliance, to expand its operations from 13,000 to more than 23,000 square feet.

The Agency has contributed substantially to increasing the community's supply of very low, low and moderate-income housing. In conjunction with the Schoolyard Project Area, the Agency has provided assistance resulting in the provision of 172 inclusionary housing units for individuals and families with very low, low, and moderate incomes.

## **D. Background on the Plan Amendment**

### **1. Location of Added Area**

The Added Area is located in the northern portion of Pleasant Hill and includes mostly commercial land uses. It is bounded on the north by Chilpancingo Parkway, the west by Old Quarry Road, the south by Golf Club Road, and the east by Contra Costa Boulevard. It also includes the section of land south of Golf Club Road, east of College Drive, north of College Way, and west of Contra Costa Boulevard.

Figure I-2 shows the boundaries of the Existing Area together with the proposed Added Area. Figure I-3 indicates the boundaries of the Added Area.

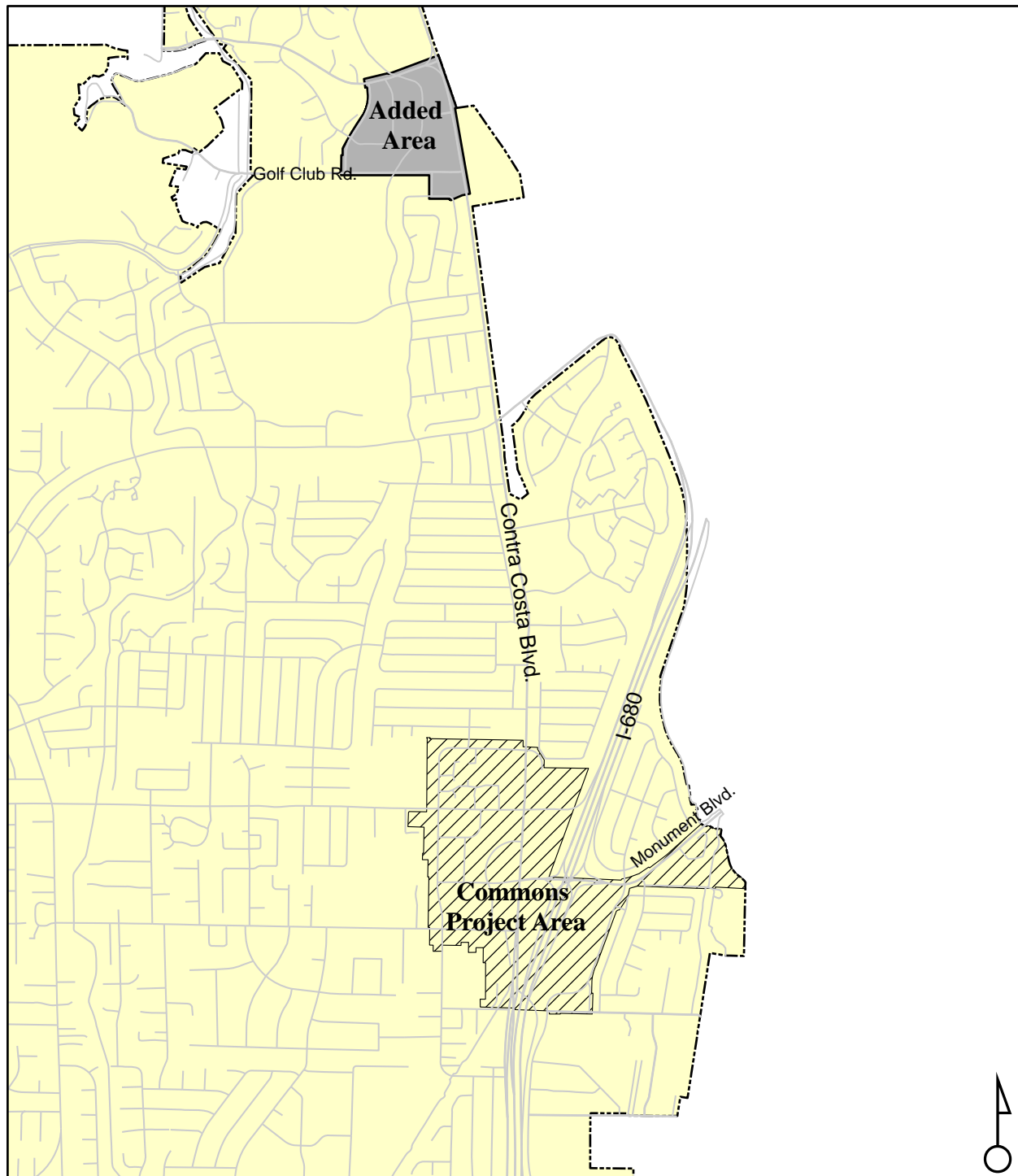
## **2. Description of the Added Area**




The 49.5-acre Added Area contains primarily commercial properties, with some public land uses as further described below. The following sites are located in the area:

- DVC Plaza, anchored by KMART and including a Safeway, McDonald's and other businesses;
- The properties between Grayson Creek and Contra Costa Boulevard, including several commercial uses such as a gas station and multiple restaurants;
- A small shopping center with a bank and other commercial uses at the southwest corner of the intersection of Contra Costa Boulevard and Golf Club Road; and
- Chilpancingo Park, a 2.5-acre passive park north of Gold Club Road and west of Grayson Creek.

The Added Area exhibits physical and economic blighting conditions that reduce its vitality and burden the community. The Added Area also exhibits signs of inadequate public improvements.

Figure I-2  
Existing Area and Added Area  
Commons Redevelopment Project

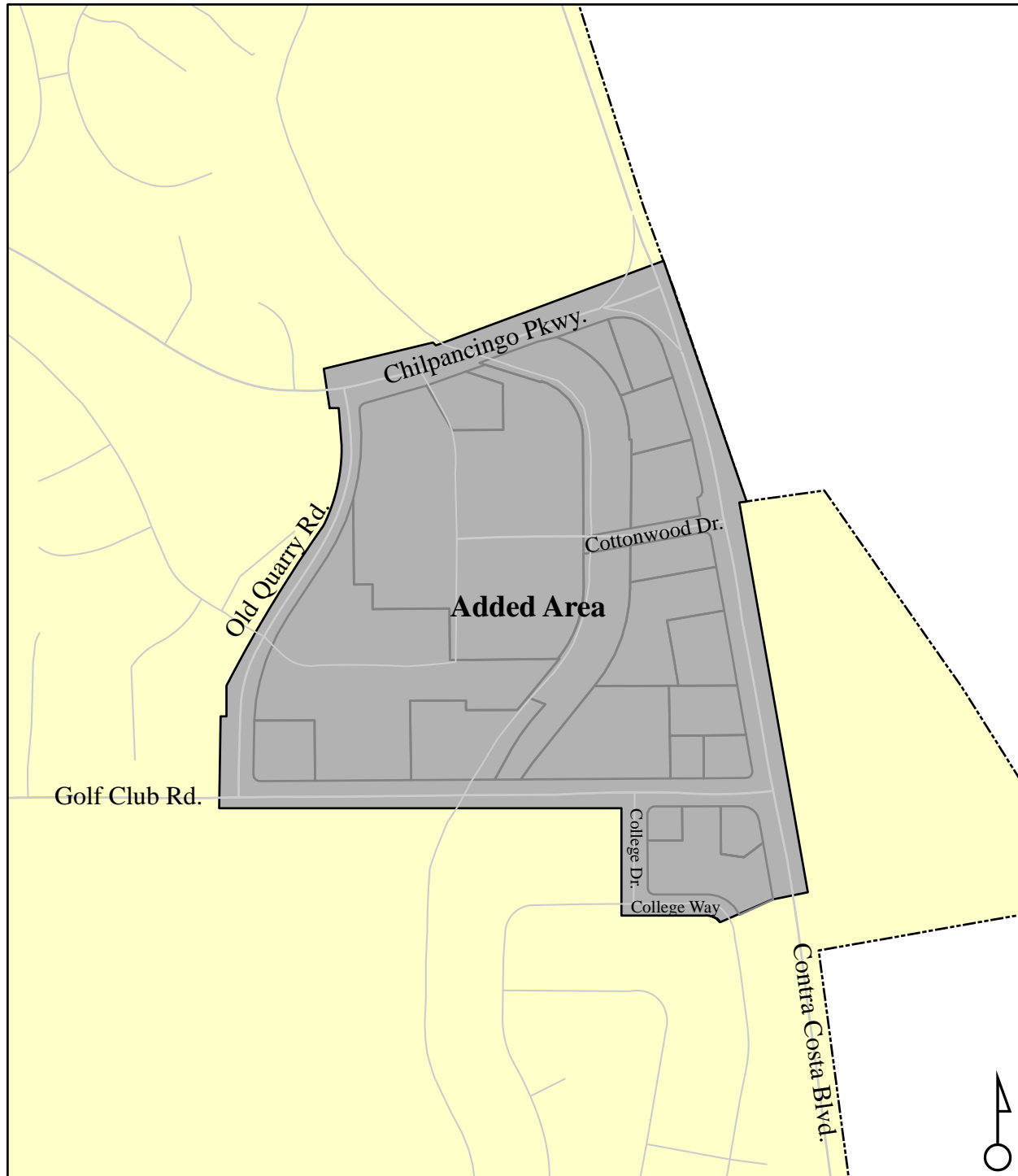


 Existing Area   
  Pleasant Hill City Boundary  
 Added Area

0      0.5      1      2  
Miles

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Figure I-3  
Added Area  
Commons Redevelopment Project



 Pleasant Hill City Boundary

0 0.05 0.1 0.15 0.2 0.25  
Miles

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### **3. Reasons for Amending the Redevelopment Plan and Selecting the Added Area**

The Added Area exhibits adverse physical and economic blighting conditions that have prevented the proper utilization of the area. Blighting conditions include conditions that hinder the viable use or capacity of buildings or lots, such as substandard and obsolete design, inadequate signage, and circulation and accessibility deficiencies. The Added Area also exhibits indicators of economically distressed buildings, including abnormally low lease rates. Poor road access to parcels makes it difficult to access businesses located away from main thoroughways. In addition, Golf Club Road Bridge shows signs of deterioration and inadequacy.<sup>3</sup>

The Plan Amendment is a means to address these blighting conditions. As such, the primary reasons for the Plan Amendment are to:

- Add territory (the Added Area) to the Existing Area.
- Implement the Redevelopment Program for the Added Area.
- Continue to achieve the goals of the existing Redevelopment Plan.
- Alleviate the adverse physical and economic conditions that are present in the Added Area.

The resulting revitalization of the Added Area will bring economic and physical benefits not only to those properties in the area, but also to the surrounding community.

#### **a. Factors Considered in Selecting Added Area Boundaries**

In proposing the Added Area boundaries, the Agency considered the following:

- Requirements of the CRL
- Extent of urbanization
- Presence of physical blighting conditions
- Presence of economic blighting conditions
- Public improvement inadequacies
- Need for redevelopment assistance

#### **b. Other Important Added Area Selection Factors**

Other factors considered in selecting the proposed Added Area boundaries include the need to:

- Eliminate the physical and economic blighting conditions, as described in this Report to Council.
- Strengthen commercial functions in the Added Area.
- Expand, improve and preserve the community's supply of low, moderate-income and market-rate housing.
- Provide adequate land for parking and open spaces.

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<sup>3</sup> Under the CRL, inadequate public infrastructure and facilities cannot be the sole reason for redevelopment; however, pursuant to CRL Section 33030(c), public infrastructure and facilities deficiencies may be a contributing factor to blight, and an agency may undertake needed public improvements to alleviate blight.

- Re-plan, redesign and develop areas that are stagnant or declining.
- Assemble land into parcels suitable for modern, integrated development with improved pedestrian and vehicular circulation.
- Provide opportunities for participation by owners and tenants in the revitalization of their properties.
- Install much needed public improvements to stimulate residential, commercial and industrial development, employment and economic growth in the Added Area and to continue to stimulate redevelopment of the Existing Area.

#### **c.      Redevelopment Survey Area**

In 2007, the City and Agency began to consider the possibility of using redevelopment to eliminate adverse conditions and revitalize other areas in the City. On September 10, 2007, the City Council designated survey area boundaries for areas to be considered for inclusion in the Project Area. The Agency conducted a feasibility study of the DVC Plaza area and Hookston Station area in November 2007. The study indicated blight in both areas.

#### **d.      Recommended Project Area Boundaries**

On February 26, 2008, the Planning Commission approved the Preliminary Plan for the area to be included in the Plan Amendment. The boundaries delineated in the Preliminary Plan were smaller than the survey area boundaries and included the DVC Plaza and Hookston Station areas.

On August 12, 2008, the Planning Commission recommended removing the Hookston Station area from the area to be included in redevelopment. This Report to Council and the Plan Amendment's Added Area legal description and map reflect the removal of the Hookston Station area.

Refer to Figure I-3 for the map of the Added Area boundary.

#### **e.      Extent of Urbanization**

Section 33320.1 of the CRL specifies that, among other things, the land within a redevelopment project area must be predominantly urbanized. The Agency considered the extent of urbanization when it set the recommended boundaries for the Added Area. To assess the extent of urbanization in the Added Area, the consultants examined related documents, maps and aerial photographs and conducted field reconnaissance surveys. The results of this analysis indicated that 100 percent of the Added Area is predominantly urbanized. Thus, the CRL urbanization requirement of a minimum of 80 percent urbanized land has clearly been met. For more detail, refer to Chapter II.

#### **f.      Substantial and Prevalent Blighting Conditions**

The CRL requires that a combination of adverse physical and economic conditions be prevalent and substantial for an area to be designated for redevelopment. The blighting conditions found in the Added Area are summarized in various exhibits throughout Chapter II and Appendix C. Field surveys and analyses of the Added Area, its land, building conditions, historical uses, and economic conditions support these findings.



The adverse physical and economic conditions discussed above have caused a reduction in the proper use of the area that cannot be reversed or alleviated without the assistance of the Agency through the authority of the CRL. The Agency considered the existence of these conditions in recommending and refining the Added Area boundaries. These conditions reduce proper utilization of properties in the Added Area.

Blighting conditions in the Added Area have not been and are unlikely to be alleviated in the future by the private sector or government alone or both acting together. The adverse physical and economic conditions can only be alleviated through a program of assistance, as described in Chapter III, that would be made possible through adoption of the Plan Amendment and establishment of the Added Area as a redevelopment area.

#### **g. Areas Included for Purposes of Effective Redevelopment**

Under the provision of CRL Section 33321, certain non-blighted areas can be included in a redevelopment project area if their inclusion is necessary for effective redevelopment or for affordable housing purposes.

The Plan Amendment proposes to include one area to be added to the Project Area for the purpose of effective redevelopment. The area is bounded on the west by Grayson Creek and College Drive, on the north by Chilpancingo Parkway, on the east by Contra Costa Boulevard, and on the south by College Way. While the area does not appear to exhibit physical or economic blighting conditions, it is negatively impacted by blighting conditions in adjacent or nearby areas. This area's inclusion will enable comprehensive planning and development of the Added Area over time. Chapter II describes in more detail the reasons why this area is included for purposes of effective redevelopment.

#### **4. Proposed Fiscal and Time Limits for Added Area**

Under the Plan Amendment, the Existing Area will continue to be governed by its own time and financial limits. None of the existing Pleasant Hill Commons Redevelopment Project financial or time limits will be modified. The Added Area will have separate financial and time limits, except for its limit on outstanding bonded indebtedness, which will be included under the Existing Area's limit.

The time and financial limits for the proposed Added Area under the Plan Amendment are shown in Table I-2.

**Table I-2**  
**Summary of Proposed Time and Fiscal Limits for the Added Area**  
**Commons Redevelopment Project**

<b>Background Information</b>	
Expected Date of Adoption	Fall 2008
Base Year	FY 2008/09
Project Area Size	49.5 acres
<b>Time Limits<sup>a</sup></b>	
Time Limit Debt Issuance	2028
Time Limit for Plan Effectiveness	2038
Time Limit for Receipt of Tax Increment	2053
Time Limit for Eminent Domain	2020
<b>Financial Limits</b>	
Limit on Tax Increment Collection <sup>b</sup>	None
Limit on Outstanding Bond Indebtedness <sup>c</sup>	Under Existing Limit

a. Actual time limits will correspond to the adoption date for the Plan Amendment.

b. A tax increment collection limit is not required in Redevelopment Plans adopted after 1993.

c. The Added Area will not have a separate limit on outstanding bonded indebtedness, rather its outstanding bonded indebtedness will be included under the Existing Area's limit of \$100 million.

Source: City of Pleasant Hill.

## 5. Summary of Added Area Program

The Plan Amendment presents an opportunity to transform the Added Area into a thriving commercial and mixed use area. The Agency will undertake a variety of projects and activities to alleviate adverse conditions in the Added Area. They may include site preparation; building rehabilitation; infrastructure, public facility, utility, and circulation improvements; and affordable housing development. See Chapter III for a more detailed description of the proposed program for the Added Area.

The primary funding source for most redevelopment projects is tax increment revenue generated by increased property values in a project area. Tax increment revenues will be used to leverage private funds to undertake improvement projects and stimulate private investment in the Added Area. Preliminary analysis indicates that the Added Area could generate tax increment revenues sufficient to fund the projected cost of the Added Area Redevelopment Program. This Report provides projections of potential tax increment revenues in Chapter IV and Appendix E.

## **E. Attainment of the Purposes of the California Community Redevelopment Law**

The CRL requires a preliminary plan to present how the purposes of the CRL will be attained by redevelopment. The purposes of the CRL include the following:

*To protect and promote the sound development and redevelopment of blighted areas and the general welfare of the inhabitants of the communities in which they exist by remedying such injurious conditions through the employment of all appropriate means. [Section 33037(a)]*

*...to expand the supply of low- and moderate-income housing, to expand employment opportunities for jobless, underemployed, and low-income persons, and to provide an environment for the social, economic, and psychological growth and well-being of all citizens. [Section 33071]*

The February 2008 Pleasant Hill Preliminary Plan states the following:

*The purposes of the California Community Redevelopment Law would be attained by the redevelopment proposed by the Amendment through: The elimination of blight conditions...; strengthening of commercial and industrial functions...; expansion, improvement and preservation of the community's supply of low- and moderate-income and market-rate housing; provision of adequate land for parking and open spaces; replanning, redesign, and development of areas which are stagnant or improperly utilized; assembly of land into parcels...; provision of opportunities for participation by owners and tenants in the revitalization of their properties; and the installation of needed public improvements.*

## **F. Conformity with the General Plan**

CRL Section 33331 requires all redevelopment plans and plan amendments to be consistent with the General Plan and CRL Section 33367(d)(4) requires that the ordinance adopting the Plan Amendment contain a finding that the Plan Amendment is consistent with the General Plan. The redevelopment of the Added Area will be in conformance with the General Plan of the City of Pleasant Hill.

## **G. Report to Council Requirements**

This Report to Council is designed to comply with CRL requirements. Pursuant to CRL Section 33352, the report to the legislative body must demonstrate how a proposed redevelopment project (or amended project) meets several criteria. This section includes a summary of the report requirements and a description of how this Report to Council is organized to meet these requirements. Excerpts from the CRL are referenced and italicized.

### **1. Reasons for the Plan Amendment**

*The reasons for the selection of the project area. [Section 33352(a)]*

The reasons for amending the existing Redevelopment Plan are described in Section D.3 above and in Chapter II.

## **2. Physical and Economic Conditions in the Project Area**

*A description of the physical and economic conditions specified in Section 33031 that exist in the area that cause the project area to be blighted. The description shall include a list of the physical and economic conditions described in Section 33031 that exist within the project area and a map showing where in the project the conditions exist. [Section 33352(b)]*

This Report documents adverse conditions in the Added Area. This information is provided in Chapter II and Appendix C.

The evidence provided in this Report to Council demonstrates physical and economic blighting conditions in the Added Area sufficient to support a finding of significant blight.

## **3. Proposed Projects and Blight Alleviation**

*A description of the specific project or projects then proposed by the agency, a description of how the project or projects to be pursued by the agency in the project area will improve or alleviate the conditions described in subdivision (b). [Section 33352(a)]*

Chapter III provides descriptions and preliminary cost estimates of the Added Area Redevelopment Program projects and activities to be undertaken by the Agency as a means to alleviate blighting conditions within the Added Area should the Plan Amendment be adopted. Chapter III demonstrates how the redevelopment activities will help alleviate adverse conditions in the Added Area by linking specific Added Area Redevelopment Program components with identified adverse conditions.

## **4. Proposed Method of Financing and Feasibility**

*An explanation of why the elimination of blight and the redevelopment of the project area cannot reasonably be expected to be accomplished by private enterprise acting alone or by the legislative body's use of financing alternatives other than tax increment financing. [Section 33352(d)]*

*The proposed method of financing the redevelopment of the project area in sufficient detail so that the legislative body may determine the economic feasibility of the plan. [Section 33352(e)]*

Chapter IV describes the proposed methods of financing for the proposed projects and activities planned for the Added Area should the Plan Amendment be adopted. It demonstrates the financial feasibility of the Added Area Redevelopment Program by comparing available funding sources with projected costs of the Redevelopment Program. Chapter IV includes the reasons why tax increment financing is necessary to eliminate blight and accomplish the goals and objectives of the Plan Amendment.

## **5. Implementation Plan**

*An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031. [Section 33352(c)]*

Chapter V refers to the Added Area Implementation Plan, which is included as Appendix G. The non-housing and housing program priorities and expenditures for the Implementation Plan period are included in the Implementation Plan.

## **6. Method or Plan for Relocation**

*A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low and moderate income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement. [Section 33352(f)]*

Chapter VI discusses the Agency's relocation plan and Appendix I includes the Relocation Program Assistance Guides.

## **7. Analysis of the Preliminary Plan**

*An analysis of the preliminary plan. [Section 33352(g)]*

Chapter VII provides an analysis of the Preliminary Plan for the Added Area and Appendix H contains the Preliminary Plan.

## **8. Planning Commission Actions**

*The report and recommendations of the planning commission. [Section 33352(h)]*

*The report required by Section 65402 of the Government Code. [Section 33352(j)]*

Chapter VIII discusses the Planning Commission actions.

## **9. Summary of Public Review of the Plan Amendment**

*The summary referred to in Section 33387. [Section 33352(i)]*

A summary of public review of the Plan Amendment is contained in Chapter IX.

## **10. Environmental Review**

*The report required by Section 21151 of the Public Resources Code. [Section 33352(k)]*

Chapter X discusses the environmental review requirements that apply to the Plan Amendment and incorporates by reference the Final EIR into the Report to Council.

## **11. Analysis of the Report of the County Fiscal Officer**

*The report of the county fiscal officer as required by Section 33328. [Section 33352(l)]*

*An analysis by the agency of the report submitted by the county as required by Section 33328,... [Section 33352(n)]*

Chapter XI includes the analysis of the Report of the County Fiscal Officer. The report is included in Appendix F.

## **12. Summary of Consultations with Taxing Entities**

*...a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information if any, and, at the discretion of the agency, proposed or adopted mitigation measures. [Section 33352(n)]*

A summary of consultations with affected taxing entities is contained in Chapter XII.

## **H. Overview of the Redevelopment Plan Amendment Process**

The Plan Amendment is considered a “major” amendment, which requires an adoption process that parallels the adoption of a new redevelopment plan (CRL Section 33354.6). This process includes the preparation of the Report to Council.

Amending a redevelopment plan involves a complex, statutorily mandated process designed to provide a community's legislative body with the necessary analysis and input to make informed decisions about the purpose, scope and content of the Plan Amendment and, ultimately, about whether to adopt the Plan Amendment. The following briefly describes the reports and steps in the process:

- Survey Area Designation  
The City Council designates the Survey Area.
- Preliminary Plan for Plan Amendment  
In cooperation with the Redevelopment Agency, the Planning Commission adopts a Preliminary Plan, which provides a general description of land uses, redevelopment goals and objectives, and a map and legal description of the Added Area boundaries.
- Statement of Redevelopment Plan Amendment Preparation  
Pursuant to CRL Section 33327, the Agency transmits to the State Board of Equalization (SBE), County officials and affected taxing entities a statement of plan amendment preparation, a legal description and a boundary map. Section 33328.1(b) requires that when the Agency transmits the 33327 documentation, the Agency must prepare and deliver to the State of California Department of Finance (DOF) a report containing projections over the duration of the Redevelopment Project of the number of residents and school age children and any change in the need for school facilities within the Added Area.
- County Fiscal Officer's Report  
The County Fiscal Officer prepares the Report of the County Fiscal Officer (Section 33328 Report), which includes the assessed valuation of all taxable property within the Added Area as shown on the base year assessment roll, identification of each taxing entity levying taxes in the Added Area, and the amount of tax revenue to be derived by each taxing agency from the base year assessment roll.

- Section 33328.1(a) requires the County Fiscal Officer to prepare an additional report to be provided to the DOF at the same time the County Fiscal Officer's Report is prepared. The report to the DOF must contain estimates of tax increment and pass through payments to each school district, county office of education and community college district over the duration of the Added Area. It must also contain projections of property tax revenue allocations to each school district, county office of education and community college district over the same time period assuming the Redevelopment Plan is not adopted.

- Preliminary Report

The Preliminary Report is the first major background document in the process to approve the Plan Amendment. CRL requires that it be prepared and sent to affected taxing entities to inform them of the purpose and impact of the proposed Plan Amendment. The Preliminary Report also provides members of the City Council, other governmental bodies, affected taxing entities, community leaders, and interested citizens with an early statement of comprehensive background information on the proposed Plan Amendment.

The Preliminary Report must be delivered to affected taxing entities at least 90 days before the public hearing by the legislative body on the proposed Plan Amendment. Section 33328.1 requires that the Agency deliver the Preliminary Report and public hearing notice to the DOF and the State of California Department of Housing and Community Development (HUD) at least 45 days before the Agency's public hearing.

- Environmental Review

The adoption of the Plan Amendment must comply with the California Environmental Quality Act (CEQA). Therefore, the CRL requires an Environmental Impact Report on the Plan Amendment.

- Redevelopment Plan Amendment

The Plan Amendment is the legal document setting forth the basic goals, powers and limitations with which the Agency must conduct its activities over the life of the Redevelopment Project. Toward the conclusion of the consultation with taxing entities, environmental review and community participation process, the Agency must submit the Plan Amendment to the Planning Commission and the City Council in preparation for the public hearing and consideration of the Plan Amendment.

- Taxing Entity Consultation

Agency staff consults with affected taxing entities.

- Report to Council

The Report to Council is a report to the legislative body that describes the proposed Plan Amendment and presents the updated information from the Preliminary Report, the Five Year Implementation Plan and additional chapters addressing specific requirements of the CRL.

- Redevelopment Agency Authorization and Transmittal

The Redevelopment Agency Board authorizes transmittal of the Plan Amendment to the Planning Commission for its report and recommendation and authorizes transmittal of the Plan Amendment and the Report to Council.

- General Plan Conformity

The Planning Commission considers the Redevelopment Plan Amendment for its conformance with the General Plan and makes a recommendation on approval and adoption of the Plan Amendment. The Planning Commission also conducts a hearing on the Draft Environmental Impact Report.

- Redevelopment Agency and City Council Hearing  
The Redevelopment Agency Board and City Council consent to holding the joint public hearing on the Plan Amendment, and the Agency publicly notices the hearing.
- Ordinance Adoption  
The City Council and the Agency Board hold the joint public hearing on the Plan Amendment, and the City Council makes the required findings and adopts the ordinance amending the Redevelopment Plan.

## **I. Public Agency Actions to Date and Anticipated**

The following major public agency actions related to the Plan Amendment have occurred to date or are anticipated:

- Survey Area Designation  
The City Council designated the Redevelopment Survey Area on September 10, 2007 (Resolution No. 65-07).
- Preliminary Plan for Plan Amendment  
The Planning Commission adopted the Preliminary Plan for the Added Area on February 26, 2008 (Resolution No. 06-08). On March 3, 2008, the Agency accepted the Preliminary Plan and authorized transmittal of required information to taxing entities and State and local officials (Resolution No. 738-08).
- Project Area Committee  
The formation of a Project Area Committee (PAC) is not required for the Plan Amendment because no one resides in the Added Area. Therefore, the Plan Amendment will not extend eminent domain authority over properties on which persons currently reside, and the Agency will not undertake projects that would displace a substantial number of low and moderate-income residents. The City Council adopted Resolution No. 14-08 on March 3, 2008, finding that a PAC is not required.
- Statement of Plan Preparation  
On March 4, 2008, in accordance with CRL Section 33327, the Agency staff transmitted to the State Board of Equalization (SBE), County officials and affected taxing entities a statement of plan preparation and legal description and boundary map of the Added Area.
- County Fiscal Officer's Report  
The Agency requested the report of the county fiscal officer (Section 33328 Report) on March 4, 2008. The Agency received the Report of the County Auditor-Controller on April 25, 2008.
- Environmental Review  
The Agency is in the process of preparing an Environmental Impact Report (EIR) for the Plan Amendment. The Initial Study was available for public review from March 11, 2008 through April 9, 2008. The Notice of Completion was transmitted to the State Clearinghouse on June 18, 2008. The notice of availability of the DEIR was distributed to public agencies, persons and organizations that have requested such notice, property owners, and property occupants on June 18, 2008, and was published on June 20, 2008. In addition, the Planning Commission conducted a public hearing on the DEIR on July 8, 2008. The Agency and City Council are scheduled to conduct a public hearing on the Final EIR in conjunction with the joint public hearing on the Plan Amendment on September 22, 2008.



- General Plan Conformity  
On July 8, 2008, the Planning Commission found the Plan Amendment in conformance with the General Plan and recommended the approval and adoption of the Plan Amendment. On August 12, 2008, the Planning Commission amended its report and recommendations on the Plan Amendment to recommend removal of the Hookston Station area. This Report and the Plan Amendment's Added Area legal description and map reflect the removal of the Hookston Station area.
- Redevelopment Plan Amendment Consideration  
To complete the process, the City Council and the Agency Board will conduct a duly noticed joint public hearing on the Plan Amendment at which those bodies will consider recommendations of the Planning Commission and public testimony. Following the public hearing, the City Council will consider certification of the final EIR and adoption of an ordinance adopting the Plan Amendment. The City Council consideration of the Plan Amendment is anticipated on September 22, 2008.

## **II. Existing Conditions**

### **A. Introduction**

This chapter describes existing conditions in the Added Area, which is proposed to be included in the Pleasant Hill Commons Project Area. It presents documentation in accordance with Community Redevelopment Law (CRL) that the proposed Added Area is urbanized and suffers from physical and economic blighting conditions. The Added Area is characterized by conditions that inhibit the viable use or capacity of buildings or lots and abnormally low lease rates. These conditions cannot be remedied by private or governmental action without redevelopment assistance.

The description of adverse physical and economic blighting conditions contained in this chapter provides substantial evidence for findings necessary for the adoption of the Plan Amendment. These findings are supported by a review and analysis of available documents, data, and maps; field reconnaissance surveys; surveys of real estate professionals active in the area; and interviews with City staff.

### **1. Chapter Organization**

This chapter is organized into the following sections:

- A. Introduction
- B. Historical Influences on Land Use and Development
- C. Relevant Provisions of the CRL for the Proposed Added Area
- D. Added Area Urbanization
- E. Added Area
- F. Conclusions for Blighting Conditions

### **2. Methodology**

The techniques and sources for assessing existing physical and economic conditions described in this chapter include:

- Field reconnaissance surveys conducted by the consultants and city staff in 2007 and 2008, including an existing conditions survey by the consultants in March 2008. These surveys contributed substantially to identifying the existence of physical and economic blight in the Added Area.
- Discussions with City, Agency and County staff in meetings, by telephone and email from 2007 to 2008.
- Review of available documents including reports, studies, maps and aerial photographs provided by City and County staff, as well as technical reports, analyses and maps prepared by other consultants, experts and engineers. (Refer to Appendix A.)
- Analyses of economic and other data from various sources. (Refer to Appendix A.)

- Interviews with real estate professionals.
- Extensive photographic documentation. (Refer to Appendix C.)

### **3. Figures and Photographs of Adverse Conditions**

The figures throughout this chapter summarize and locate (or map) adverse conditions that are present in the Added Area. The map of blighting conditions has been broken into separate figures for ease of reading and reference. The individual figures, taken together, demonstrate that blighting conditions are prevalent throughout and affect properties in the Added Area.<sup>1</sup>

Photographs documenting adverse physical and economic conditions in the Added Area are presented in Appendix C. The consultants took the photographs in October 2007 and March 2008.

## **B. Historical Influences on Land Use and Development<sup>2</sup>**

The Ohlone and Bay Miwok people populated the area that would become the City of Pleasant Hill as early as the 6<sup>th</sup> century A.D. By the late 1700s, Spanish missionaries and soldiers arrived. Spanish colonization continued until 1821, when Mexico won independence from Spain. Under Mexican control, the government divided the region into a number of large land grants among several prominent families. One of the land grants, Rancho Las Juntas, contained present-day Pleasant Hill.

The Gold Rush of 1849 drew many pioneers to the area, and by the end of the 19<sup>th</sup> century Rancho Las Juntas was split among many families who farmed the land. Pleasant Hill became the hub of a growing farming community and its robust agricultural economy fueled steady growth.

The arrival of the Southern Pacific Railroad in 1891 and the Oakland and Antioch Railway in 1911 further shaped Pleasant Hill. The railroads facilitated trade, bringing greater prosperity to local farms. The first signs of industry appeared around Hookston Station, the most prominent of Pleasant Hill's three train stops.

Property divisions of the approximately 20 small and large farms in the area also shaped the future layout of the City, as farmers sold pieces of their land to developers. The 1906 earthquake prompted a large number of people to move from San Francisco to the East Bay. Only a few years later, Pleasant Hill farmers created the City's first subdivision from their land.

Many more families sold their land during the Great Depression, unable to support themselves through farming. The outdoors and fresh air attracted new residents to Pleasant Hill, transforming it from farmland to bedroom community during World War II. The population rose rapidly during the postwar housing and baby booms, culminating with the City's incorporation in 1961. Maps from the period show a mix of old and new land uses, including tightly packed subdivisions surrounded by large tracts of agricultural land.

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<sup>1</sup> The Report to Council includes a map showing where the blighting conditions exist, as required by CRL Section 33352(b).

<sup>2</sup> Unless otherwise noted, material in this section was drawn from Adam Nilsen's *Pleasant Hill*, Charleston, S.C.: Arcadia Publishing, 2007.

By the 1970s, with few parcels of farmland left and the arrival of BART and Highway 680, Pleasant Hill had become a full-fledged suburban community. New shopping centers were built away from the City's core, resulting in several small centers rather than a central downtown shopping district. At the same time, local concerns about the uniformity of suburbia prompted the City Council to enact a policy to prevent flattening the City's namesake hills and requiring new buildings to blend in with the natural terrain.

As part of this trend, the DVC Plaza Shopping Center was developed near the intersection of Contra Costa Boulevard and Golf Club Road in 1972. Located in close proximity to Diablo Valley College, the DVC Plaza Shopping Center is anchored by K-Mart and Safeway and includes a variety of neighborhood-serving businesses.

In the early 1970s, City leaders expressed concerns about the deterioration of properties around the intersection of the City's two main roads, Contra Costa Boulevard and Monument Boulevard. Many envisioned this area as a new downtown that would function as a strong commercial core and the focal point of the community. In 1974, the Pleasant Hill Commons Redevelopment Plan was adopted to make this vision a reality. The goal of this plan was a mixed-use, pedestrian-oriented downtown with traditional architecture.<sup>3</sup>

In 2000, the City of Pleasant Hill officially opened its new downtown. The development brought numerous jobs and new businesses to the City and strengthened the local economy, which includes a concentration of service and retail jobs.<sup>4</sup>

## **C. Relevant Provisions of the CRL for the Proposed Added Area**

CRL Section 33354.6(a) delineates the procedures and requirements for redevelopment plan amendments. For a plan amendment in which new territory is being added to an existing project area, an agency is required to follow the same procedures required for a new plan adoption. CRL Section 33352 requires the Report to Council to include a description of the adverse physical and economic conditions ("blight") in the Added Area. The ordinance adopting the Plan Amendment must contain a finding that the Added Area suffers from physical and economic blighting conditions and public intervention in the form of redevelopment is necessary. The definitions for urbanization and blight upon which the documentation must be based have been modified since the original plan was adopted and amended to add the Commons 1-A and Monument Boulevard areas. The blight definitions utilized in this report are specified in the CRL as amended effective January 1, 2007.

The current CRL definitions are presented in this subsection, along with the CRL provision on inadequate public improvements. (Excerpts from the CRL are italicized.)

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<sup>3</sup> Robert Stewart, Redevelopment Administrator, "A History of Downtown Pleasant Hill," <http://www.ci.pleasant-hill.ca.us>, 2008.

<sup>4</sup> "Pleasant Hill Profile," <http://www.ci.pleasant-hill.ca.us>, 2008.

## **1. CRL Requirements for Redevelopment Eligibility**

Section 33030 of the CRL describes the characteristics of blighted areas:

- (a) It is found and declared that there exist in many communities blighted areas that constitute physical and economic liabilities, requiring redevelopment in the interest of the health, safety, and general welfare of the people of these communities and of the state.*
- (b) A blighted area is one that contains both of the following:*
  - (1) An area that is predominately urbanized, as that term is defined in Section 33320.1, and is an area in which the combination of conditions set forth in Section 33031 is so prevalent and so substantial that it causes a reduction of, or lack of, proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community that cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment.*
  - (2) An area that is characterized by one or more conditions set forth in any paragraph of subdivision (a) of Section 33031 [physical blight] and one or more conditions set forth in any paragraph of subdivision (b) of Section 33031 [economic blight].*
- (c) A blighted area that contains the conditions described in subdivision (b) may also be characterized by the existence of inadequate public improvements or inadequate water or sewer utilities.*

## **2. CRL Urbanization Requirement**

### **a. Reporting Requirements**

The CRL requires a description of a project area that is sufficiently detailed to permit a determination that a proposed redevelopment project area is predominantly urbanized.

### **b. CRL Definition of a Predominantly Urbanized Area**

The provisions of CRL Section 33320.1, subdivisions (b) and (c) pertaining to a definition of “predominantly urbanized” are as follows:

- (b) As used in this section, “predominantly urbanized” means that not less than 80 percent of the land in the project area is either of the following:*
  - (1) Has been or is developed for urban uses.*
  - (2) Is an integral part of one or more areas developed for urban uses that are surrounded or substantially surrounded by parcels that have been or are developed for urban uses. Parcels separated by only an improved right-of-way shall be deemed adjacent for the purpose of this subdivision. Parcels that are not blighted shall not be included in the project area for the purpose of obtaining the allocation of taxes from the area pursuant to Section 33670 without other substantial justification for their inclusion.*
- (c) For the purposes of this section, a parcel of property as shown on the official maps of the county assessor is developed if that parcel is developed in a manner that is either consistent with zoning or is otherwise permitted under law.*

### **3. CRL Definitions of Adverse Physical and Economic Conditions**

Section 33031 of the CRL describes both physical and economic conditions that can be used to determine if an area is blighted and in need of redevelopment. These factors are listed below.

#### **a. Physical Conditions**

The CRL Section 33031(a) definition for physical blight is as follows:

*This subdivision describes physical conditions that cause blight:*

##### Unsafe or Unhealthy Buildings

*Buildings in which it is unsafe or unhealthy for persons to live or work. These conditions may be caused by serious building code violations, serious dilapidation and deterioration caused by long-term neglect, construction that is vulnerable to serious damage from seismic or geologic hazards, and faulty or inadequate water or sewer utilities. 33031(a)(1)*

##### Conditions that Hinder the Viable Use or Capacity of Buildings or Lots

*Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots. These conditions may be caused by buildings of substandard, defective, or obsolete design or construction given the present general plan, zoning, or other development standards. 33031(a)(2)*

##### Adjacent or Nearby Incompatible Uses

*Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area. 33031 (a)(3)*

##### Substandard Lots in Multiple Ownership

*The existence of subdivided lots that are in multiple ownership and whose physical development has been impaired by their irregular shapes and inadequate sizes, given present general plan and zoning standards and present market conditions. 33031 (a)(4)*

#### **b. Economic Conditions**

The CRL Section 33031(b) definition for economic blight is as follows:

*This subdivision describes economic conditions that cause blight:*

##### Depreciated or Stagnant Property Values

*Depreciated or stagnant property values. 33031(b)(1)*

##### Impaired Property Values Due to Hazardous Waste

*Impaired property values, due in significant part, to hazardous wastes on property where the agency may be eligible to use its authority as specified in Article 12.5 (commencing with Section 33459). 33031(b)(2)*

##### Indicators of Economically Distressed Buildings

*Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings. 33031(b)(3)*

#### Lack of Neighborhood Commercial Facilities

*A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions. 33031(b)(4)*

#### Residential Overcrowding

*Serious residential overcrowding that has resulted in significant public health or safety problems. As used in this paragraph, "overcrowding" means exceeding the standard referenced in Article 5 (commencing with Section 32) of Chapter 1 of Title 25 of the California Code of Regulations. 33031(b)(5)*

#### Problem Businesses

*An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety, or welfare problems. 33031(b)(6)*

#### High Crime Rate

*A high crime rate that constitutes a serious threat to the public safety and welfare. 33031(b)(7)*

### **c. Inadequate Public Improvements**

Under the CRL, the presence of inadequate public improvements cannot be the sole reason for redevelopment. However, CRL Section 33030(c) permits consideration of inadequate public improvements when adverse conditions exist in a project area:

*A blighted area also may be one that contains the conditions described in subdivision (b) and is, in addition, characterized by the existence of inadequate public improvements, parking facilities, or utilities.*

Inadequate public improvements may be a contributing factor to blight, and an agency may undertake needed public improvements to alleviate blight. Public improvement deficiencies contribute to blighting conditions in the Added Area, as discussed in Section E.

## **4. Other CRL Eligibility Requirements**

### **a. Area Necessary for Effective Redevelopment**

Under Section 33321 of the CRL, land may also be included if it is necessary for the effective redevelopment of the area. The provision states:

*A project area may include lands, buildings, or improvements which are not detrimental to the public health, safety or welfare, but whose inclusion is found necessary for the effective redevelopment of the area of which they are a part. Each such area included under this section shall be necessary for effective redevelopment and shall not be included for the purpose of obtaining the allocation of tax increment revenue from such area pursuant to Section 33670 without other substantial justification for its inclusion.*

A non-blighted area may be included in a project area if the proposed programs and activities would enhance the redevelopment program. For instance, non-blighted properties interspersed among predominantly blighted areas may be included to enable coordinated comprehensive planning and development of the entire project area or to provide land for development that will help to address identified blighting conditions.

## **D. Added Area Urbanization**

The current provisions of the CRL pertaining to urbanization cited in Section C.2 above were carefully considered in assessing the extent of urbanization in the Added Area. Based on field surveys of the Added Area, analysis of parcel data from the County Assessor, examination of available maps and aerial photographs, and discussions with City staff, more than 80 percent of the entire Added Area is developed with urban uses such as commercial, industrial and public uses. This section fulfills the urbanization requirement.

### **1. Analysis**

The analysis of the extent of urbanization presented below is based upon the two categories used in the definition of predominantly urbanized in Section 33320.1(b) of the CRL (see above). The analysis, summarized in Table II-1, indicates that 49.5 acres (100 percent of the Added Area) are urbanized, thus meeting the requirement that at least 80 percent of the Added Area be urbanized.

#### **a. Area That Has Been or Is Developed for Urban Uses**

Field reconnaissance surveys revealed that all of the Added Area has been or is developed for urban uses. This category includes 49.5 acres comprising 100 percent of the Added Area, and thus the urbanization requirement of the CRL is met. Please refer to the urbanization map in Figure II-1 for a summary of these findings.

### **2. Inclusion of Unurbanized Land**

No area has been included in the Added Area that is unurbanized.

### **3. Inclusion of Agricultural Land**

Section 33344.5(c)(3) of the CRL requires identification of lands in agricultural use within the boundaries of a redevelopment project area.<sup>5</sup> No agricultural land is located within the boundaries of the Added Area.

### **4. Conclusion Regarding Urbanization**

The analysis presented above and summarized in Table II-1 and Figure II-1 clearly demonstrates 100 percent of the Added Area is urbanized, thus meeting the CRL requirement that at least 80 percent of a redevelopment project area be urbanized.

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<sup>5</sup> Agricultural use is defined in Section 51201(a) and (b) of the Government Code.

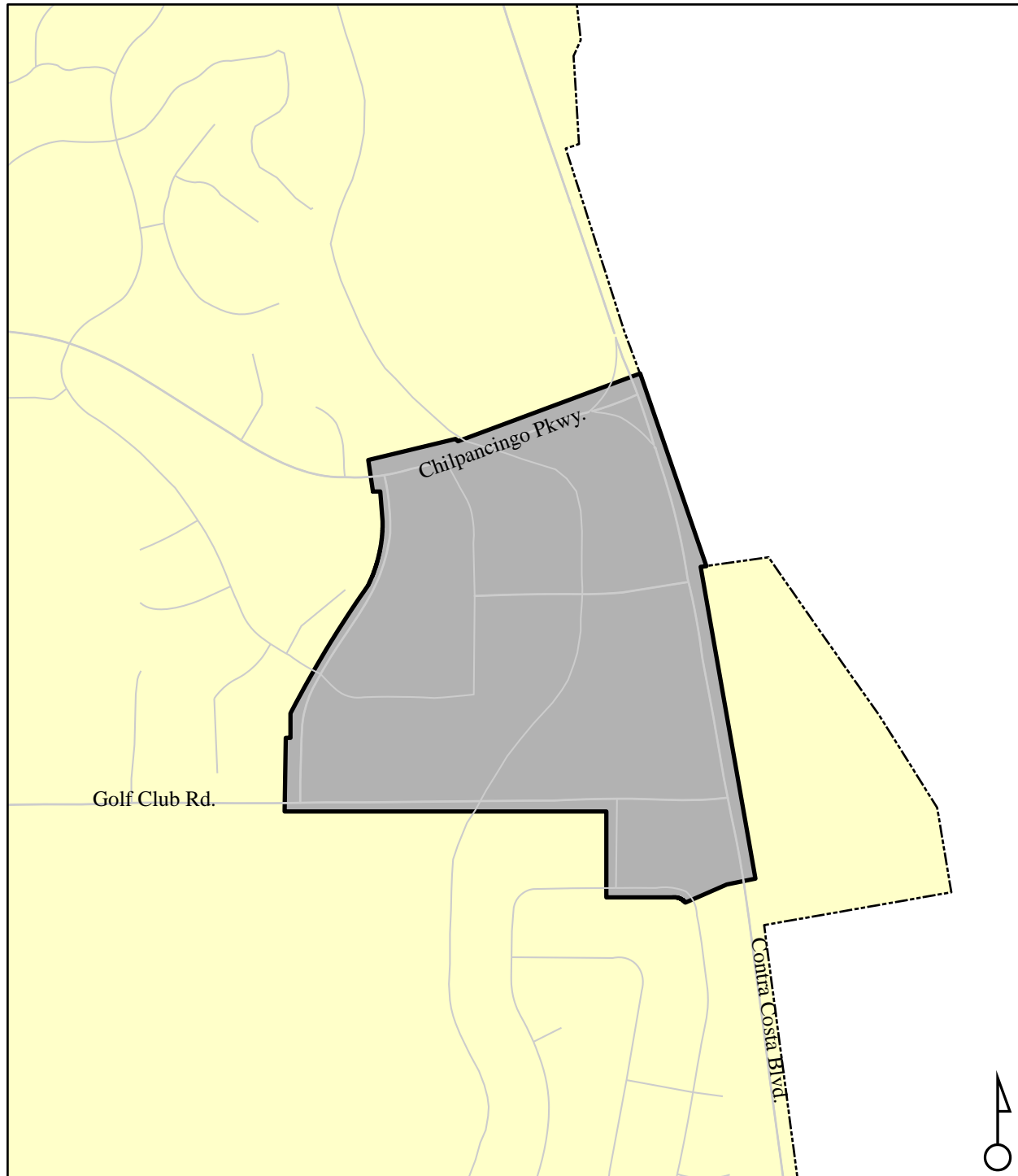


**Table II-1**  
**Calculation of the Extent of Urbanization**  
**Added Area**  
**Commons Redevelopment Project**

<b>Urbanization Categories</b>	<b>Added Area</b>	
	<b>Acres</b>	<b>Percent</b>
Area that has been or is developed for urban uses	49.5	100.0%
Unurbanized areas included for planning purposes	0.0	0%
<b>Total Urbanized and Unurbanized</b>	<b>49.5</b>	<b>100%</b>

Source: Pleasant Hill Redevelopment Agency; Seifel Consulting Inc.

Figure II-1  
Urbanization Map  
Added Area  
Commons Redevelopment Project



- Urbanized Area**
- Added Area Boundary**
- Pleasant Hill City Boundary**

0      0.5      1      2  
Miles

**Seifel**  
CONSULTING INC.

## **E. Added Area**

The following sections describe the adverse physical and economic conditions, as well as inadequate public improvements, present in the Added Area.

### **1. Adverse Physical Conditions**

This section describes adverse physical conditions within the boundaries of the Added Area. The information contained in this section corresponds directly to the characteristics of adverse physical conditions described in Section 33031(a) of the CRL (as previously described in Section C.3.a above).

Adverse physical conditions found in the Added Area fall within the CRL category of physical blight: Conditions hindering the viable use or capacity of buildings or lots.

#### **a. Conditions that Hinder the Viable Use or Capacity of Buildings or Lots [CRL Section 33031(a)(2)]**

Buildings and lots in the Added Area exhibit conditions that prevent or substantially hinder their viable use or capacity. The buildings are primarily commercial in design and character and are substandard and obsolete given present development standards. Other factors contributing to conditions that hinder the viable use or capacity of buildings and lots include circulation and accessibility deficiencies, inadequate signage for DVC Plaza, and several flood control easements.

#### **Substandard and Obsolete Design**

The buildings that comprise DVC Plaza are substandard and obsolete given current design standards for mid-sized shopping centers. Most of the buildings were built between 1971 and 1975 and reflect the design standards of the time.

DVC Plaza is an open-air shopping center with a substandard “inverted” design layout. DVC Plaza’s Z-shaped configuration divides the parking lot and shopping center into two sections. Unlike a linear strip or U-shaped configuration, the existing layout inhibits shoppers’ ability to easily view and access all of the retail stores from each section, requiring patrons to drive from one to the other. DVC Plaza’s layout and design is also of an older style that is becoming increasingly obsolete. The Plaza has 190,000 sq. ft. of retail space and falls in the category of a mid-sized shopping center known as a “Community Center.” The latest trend in mid-sized centers is the “Lifestyle Center.” These pedestrian-friendly and open-air shopping venues—such as Santana Row in San Jose, CA—are unlike traditional strips or malls, and are more similar to the town centers and “Main Streets” of urban areas. The outdated design of DVC Plaza prevents the shopping center from generating demand both from tenants and patrons, hindering the viability of DVC Plaza as a commercial center. The obsolete design of this shopping center prevents it from competing with the newer lifestyle centers, calling into question its ability to sustain itself without redevelopment.

The substandard and obsolete design of DVC Plaza hinders sales tax generation at the shopping center. Table II-2 compares sales tax receipts from DVC Plaza and other Pleasant Hill shopping centers between 2003 and 2007. Within this time period, more recently developed shopping centers, including Crossroads Shopping Center and Downtown Pleasant Hill, showed stronger financial growth. While sales tax receipts from other Pleasant Hill shopping centers grew an average of 3.8 percent per year, sales at DVC Plaza declined an average of 8.1 percent per year. DVC Plaza generates significantly less sales tax per square foot than other Pleasant Hill shopping centers. Between 2003 and 2007, the amount of sales tax generated per square foot at DVC Plaza decreased from \$1.28 to \$0.92. During the same period, other shopping centers experienced an increase from \$2.00 to \$2.33. Declining sales tax receipts are an indicator of the difficulties faced by retail establishments in DVC Plaza, as a result of conditions hindering viable use of the buildings.

**Table II-2**  
**Comparison of Sales Tax Receipts, DVC Plaza and Other Pleasant Hill Shopping Centers,**  
**2003–2007 (In Constant 2007 Dollars)<sup>a</sup>**  
**Added Area**  
**Commons Redevelopment Project**

Year	DVC Plaza			Other Shopping Centers <sup>b</sup>		
	Sales Tax	Sales Tax / Gross SF	Annual Growth	Sales Tax	Sales Tax / Gross SF	Annual Growth
2003	\$244,990	\$1.28	N/A	\$1,678,965	\$2.00	N/A
2004	\$210,592	\$1.10	-14.0%	\$1,865,642	\$2.23	11.1%
2005	\$200,758	\$1.05	-4.7%	\$1,974,303	\$2.36	5.8%
2006	\$188,384	\$0.98	-6.2%	\$1,944,105	\$2.32	-1.5%
2007	\$175,037	\$0.92	-7.1%	\$1,952,187	\$2.33	0.4%
<b>Average Annual Growth</b>			<b>-8.1%</b>			<b>3.8%</b>

a. All years adjusted to constant 2007 dollars by CPI.

b. "Other Shopping Centers" include the Crossroads Shopping Center, Downtown Pleasant Hill and Pleasant Hill Plaza Shopping Center.

Sources: City of Pleasant Hill Bureau of Labor Statistics and Seifel Consulting Inc.

### **Circulation and Accessibility Deficiencies and Inadequate Signage**

Other physical conditions hindering the use of DVC Plaza as noted in the field surveys are deficiencies in circulation and accessibility and inadequate signage. Key entryways into DVC Plaza are located on Golf Club Road and Cottonwood Drive via Contra Costa Boulevard. The City of Pleasant Hill has identified the intersections along Contra Costa Boulevard as deficient and in need of improvement for both adequate vehicular movement and safety.

The existing lane configurations on Contra Costa Boulevard were originally designed between the 1960s and 1970s, and cannot efficiently handle the current vehicle turn movement and traffic pattern. According to the City's STIP application for funding to improve Contra Costa Boulevard, frequent stop and go traffic contributes to a high number of rear-end collisions on the Boulevard.

Needed traffic circulation improvements include the addition of left and right turn lanes, modification of lane widths and replacement and timing of traffic signals. The inverted design of the shopping center also contributes to an unsafe environment for pedestrians and hinders vehicular circulation in and around the area.

A row of commercial buildings, Grayson Creek and the Plaza's parking area separate retail shops in DVC Plaza from Contra Costa Boulevard. Thus, visibility of the Plaza from the vibrant commercial activity on Contra Costa Boulevard is extremely limited. In addition, the Plaza lacks adequate signage directing patrons off Contra Costa Boulevard to the shopping center. The trees in Chilpancingo Park also obstruct the view of DVC Plaza from Golf Club Road. The Pleasant Hill Recreation and Park District, a separate governmental entity from the City, owns and operates the park. Figure II-2 illustrates the lack of visibility of DVC Plaza. Photos included in Appendix C exhibit the lack of visibility within the DVC Plaza Area. This lack of visibility exacerbates the problems created by DVC Plaza's substandard and obsolete design, further hindering the viable use of the center.

### **Flood Control Easements**

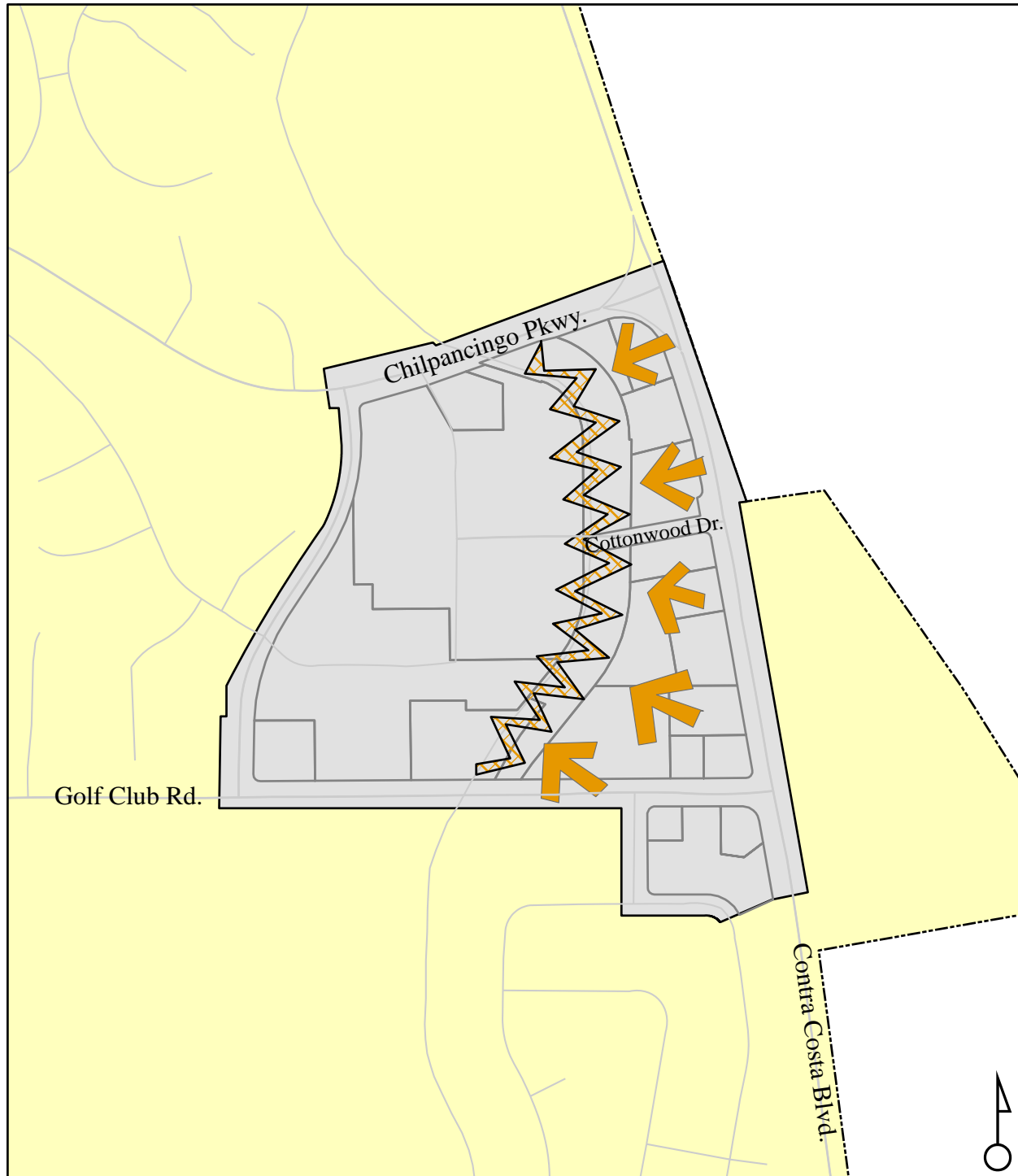
The Contra Costa County Flood Control and Water Conservation District (FC District) has several flowage easements on parcels within the Added Area. In 1970 and 1972, the FC District acquired two flowage easements in relation to the Grayson Creek Flood Control Channel in the DVC Plaza Shopping Center. The flowage easements run along the eastern edge of several parcels from north to south, taking them across a parking lot in front of Kmart and through Chilpancingo Park. According to the FC District, the flowage easements on this parcel are to allow overflows from Grayson Creek to run across the portion of the parcel below elevation 27.5 feet. Figure II-3 locates the flowage easements on this, as well as, other parcels in the Added Area. According to a letter to the current owners of the DVC Plaza Shopping Center from the FC District dated December 20, 2007, any redevelopment of land within the flowage easements would need to maintain the current level of flood protection (conveyance and elevation) and maintenance access without increased costs to the FC District. If a property owner were to redevelop the site and build within the flowage easement areas, the FC District would need to approve schematic designs for the project. Upon construction completion of a development plan approved by the FC District, the flowage easements could potentially be removed.




The letter indicates three feasible options for mitigating the impact of the flowage easements. These options are: (1) raise all or a portion of the flowage easement area to elevation 27.5 feet or higher with fill material, (2) install a levee or floodwall between Grayson Creek and the development site to prevent overflows from entering the site, or (3) expand the conveyance capacity of Grayson Creek with a flood terrace, in combination with the above solutions.<sup>6</sup> Given the increased constraints on development as an outcome of the flowage easements, the property owner can expect costs associated with redevelopment of the site to be significant. Partial redevelopment of the site could proceed without change to the flowage easement. However, the site would continue to be burdened by periodic flood flows, deposition of debris and site cleanup resulting in the inability to use those portions of the site periodically and the inability to redevelop the site with mixed uses, in particular residential uses, as contemplated in the General Plan.

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<sup>6</sup> Letter from the Contra Costa County Flood Control & Water Conservation District, December 20, 2007.

Figure II-2  
Lack of Visibility  
Added Area  
Commons Redevelopment Project

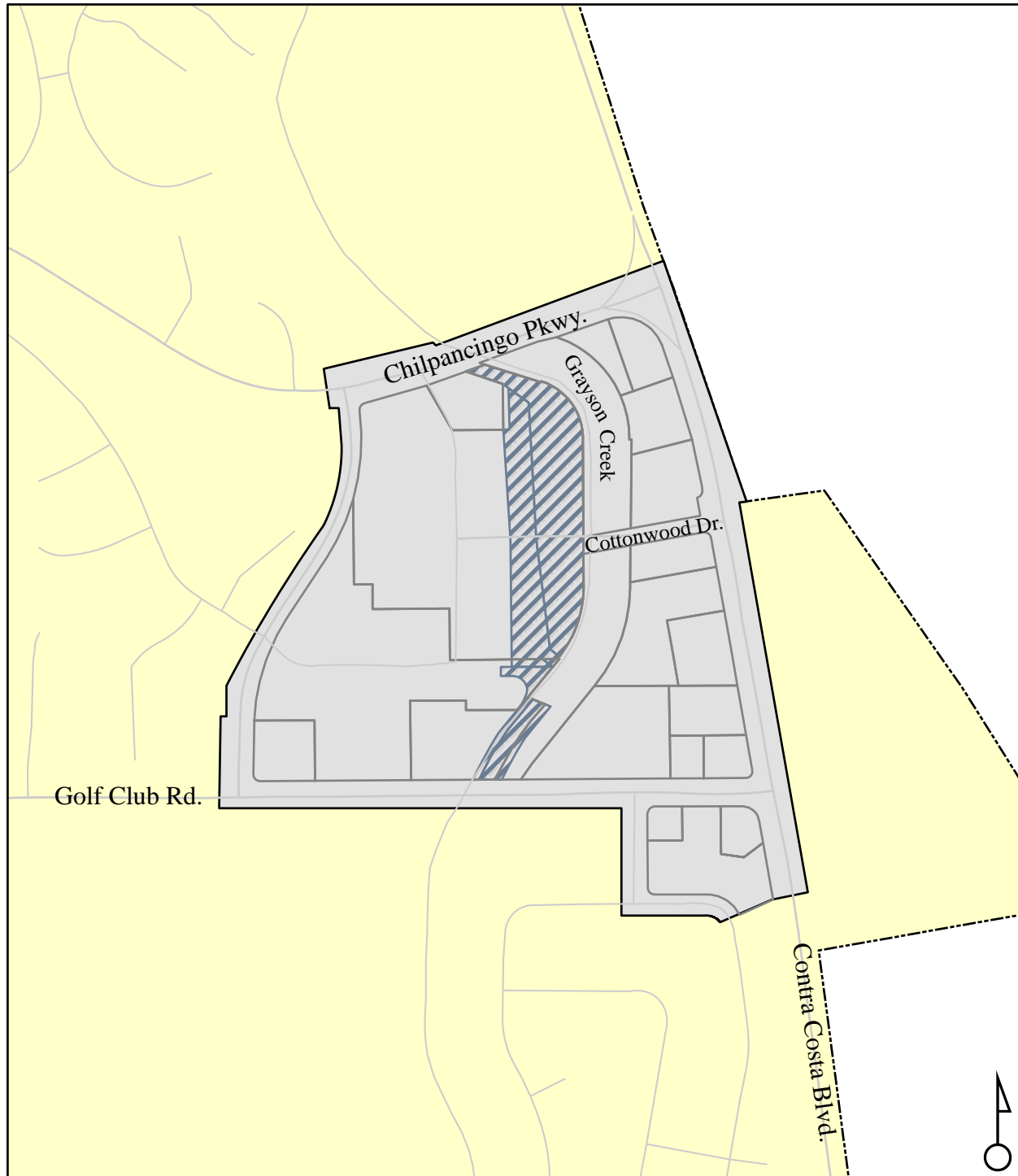


-  Lack of Visibility
-  Added Area
-  Pleasant Hill City Boundary

0 0.04 0.08 0.12 0.16 0.2  
Miles

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Figure II-3  
Flood Control Easements  
Added Area  
Commons Redevelopment Project



 Flood Control District Easements

 Added Area

 Pleasant Hill City Boundary

0 0.05 0.1 0.15 0.2 0.25  
Miles

**Seifel**  
CONSULTING INC.

## 2. Adverse Economic Conditions

As required by the CRL, this section describes the economic blighting conditions in the Added Area. Adverse economic conditions contributing to the presence of blight as specified in the CRL include abnormally high business vacancies, abnormally low lease rates or an abnormally high number of abandoned buildings.

### a. Abnormally Low Lease Rates [CRL Section 33031(b)(3)]

This section documents the presence of the blighting condition of abnormally low lease rates in the Added Area, as defined in CRL Section 33031(b)(3).

Lease rates for commercial spaces in the Added Area, particularly the DVC Plaza Shopping Center, are extremely low relative to other retail shopping centers in the central Contra Costa County market area, which includes Pleasant Hill, Concord, and Martinez. According to local brokers and property owners, current retail spaces for anchor tenants within DVC Plaza are leasing for between \$3.00 and \$9.00 per square foot annually, and other tenants are paying between \$15.00 and \$25.00 per square foot for smaller spaces.<sup>7</sup> These rates are noticeably lower than other areas in the central Contra Costa County market area with comparable demographics and retail types. On average, lease rates for retail space within comparable shopping centers range from \$20.00 to \$28.00 per square foot annually for anchor tenants, and from \$30.00 to \$40.00 for other tenants. For anchor tenants, lease rates are three to six times lower in DVC Plaza than those for other shopping centers. For other types of tenants, DVC Plaza rates are almost half those in other shopping centers. Table II-3 compares existing lease rates for anchor tenants and other retail spaces at DVC Plaza and other shopping centers in the market area.

**Table II-3**  
**Annual Lease Ranges at DVC Plaza and Other Shopping Centers in**  
**Central Contra Costa County**  
**Added Area**  
**Commons Redevelopment Project**

	<b>DVC Plaza</b>	<b>Other Shopping Centers<sup>a</sup></b>
<b>Anchor Tenants</b>	\$3.00–\$9.00	\$20.00–\$28.00
<b>Other Tenants</b>	\$15.00–\$25.00	\$30.00–\$40.00

a. Shopping centers surveyed in Pleasant Hill include the Courtyard, the Regency, Crescent Drive, and the Crossroads. In the City of Concord, shopping centers surveyed include Park N' Shop and the Willows Shopping Center.

Source: Seifel Consulting Survey, October 2007.

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<sup>7</sup> All lease rates shown are on a triple net (NNN) basis.



According to area real estate brokers, the three main reasons for these low commercial lease rates are lack of visibility from Contra Costa Boulevard and Golf Club Road, inadequate signage and the shopping center's outmoded design. These factors contribute to an ongoing cycle where new business tenants are unwilling to move in and lease rates remain low. Without additional revenue from increased rents, DVC Plaza cannot make the improvements needed to update the shopping center and make it more competitive with surrounding shopping centers. Without making improvements, DVC Plaza cannot demand additional rents. The defects at DVC Plaza cannot be addressed by private investment alone, and it will continue to constitute a serious physical and economic burden on the community if redevelopment assistance is not provided. Please refer to Appendix A for a list of real estate brokers and property managers interviewed.

### **3. Inadequate Public Improvements [33030(c)]**

Under the CRL, the presence of inadequate public improvements or inadequate water or sewer utilities cannot be the sole basis for characterization of an area as a blighted area. However, as specified in CRL Section 33030(c), such conditions may be considered as a contributing factor to blight when both physical and economic blighting conditions are present in a project area.

The field reconnaissance surveys described earlier in this chapter also focused on the assessment of observable public improvements. In addition, the consultants interviewed City and Agency staff on public improvement inadequacies and reviewed reports regarding infrastructure and water and sewer utilities.

The field surveys and other research efforts provided evidence of public infrastructure inadequacies in the Added Area.

Public infrastructure inadequacies identified include a substandard and aging bridge and inadequate traffic circulation. Details of these deficiencies are described below and shown in Figure II-4.

#### **a. Substandard and Deteriorated Golf Club Road Bridge**

The Golf Club Road bridge carries vehicular traffic across the Grayson Creek Flood Control Channel. The bridge is located on the southern side of the Added Area. Originally constructed in 1953, the bridge was widened in 1969 to four lanes. In August 2000, Caltrans reported the bridge's sufficiency rating as 7.0 on a scale of 1 to 100. This point calculation is based on a comparison to a new bridge designed with current engineering standards. The rating is used to determine eligibility for federal funds. The 2007–2012 City of Pleasant Hill Capital Improvement Plan (CIP) identified the bridge as structurally deficient and in need of replacement. According to the CIP, the City has allocated \$2.4 million from the General Fund and from future capital improvement grants to pay the cost of replacing the bridge. The total cost of bridge replacement is estimated at \$4 million, leaving a \$1.6 million deficit in funding. Subject to obtaining the additional funding needed, work is scheduled to commence in 2009. Please see Appendix C for photos illustrating the deteriorated condition of Golf Club Road Bridge.

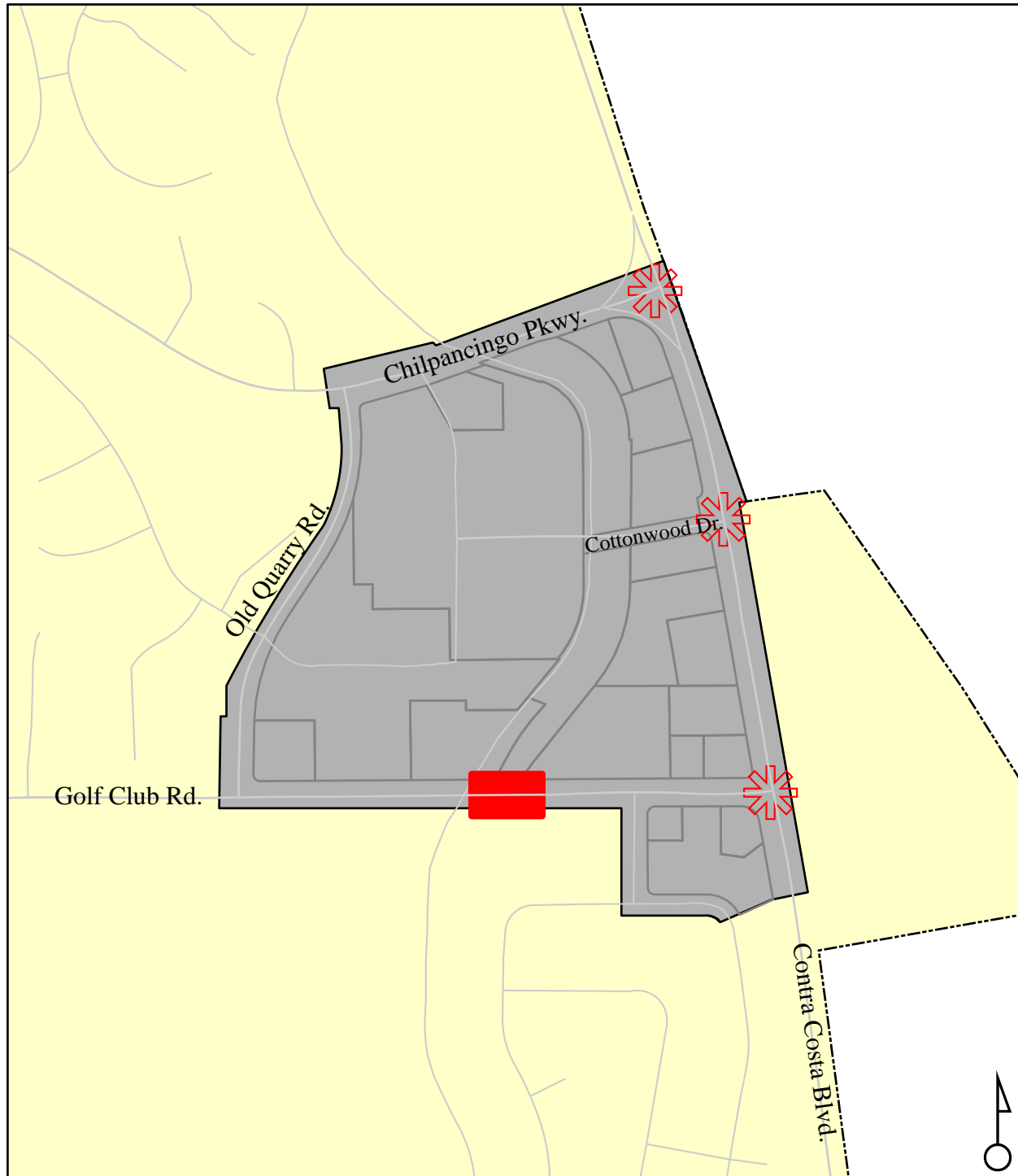
**b. Inadequate Traffic Circulation**

The City of Pleasant Hill has identified Contra Costa Boulevard, which runs along the eastern side of the Added Area, as having inadequate vehicular capacity. The City submitted an application for 2008 State Transportation Improvement Program (STIP) funding to improve traffic circulation at the intersections of Contra Costa Boulevard with Chilpancingo and Golf Club Roads, but was not awarded funding. Frequent stop and go traffic on Contra Costa Boulevard contributes to a high number of rear-end collisions. Needed traffic improvements include the construction of additional left and right turn lanes, modification of lane widths to more safely accommodate cyclists and the replacement of traffic signals. In addition, new ADA-compliant curb ramps need to be installed in order to improve pedestrian access and safety.

**4. Area for Inclusion as Necessary for Effective Redevelopment**

An area across the Grayson Creek Flood Control Channel from the DVC Plaza Shopping Center is proposed to be included in the Added Area for purposes of effective redevelopment. The area is comprised of several buildings along the western side of Contra Costa Boulevard between Chilpancingo Parkway and Golf Club Road, as well as three parcels at the southwestern corner of Contra Costa Boulevard and Golf Club Road. These areas are indicated in Figure II-5. While the area does not appear to exhibit physical or economic blighting conditions, it is adjacent to blighted areas and is negatively impacted by blighting conditions. Traffic and pedestrian circulation within this area is impacted by circulation deficiencies along Contra Costa Boulevard. Its inclusion will enable comprehensive planning and development of the Added Area over time. Redevelopment activities in this area will enhance the overall Redevelopment Program.

Figure II-4  
Inadequate Public Improvements  
Added Area  
Commons Redevelopment Project



Contra Costa Blvd. - Circulation Impediments



Golf Club Road Bridge - Substandard and Deteriorated



Added Area

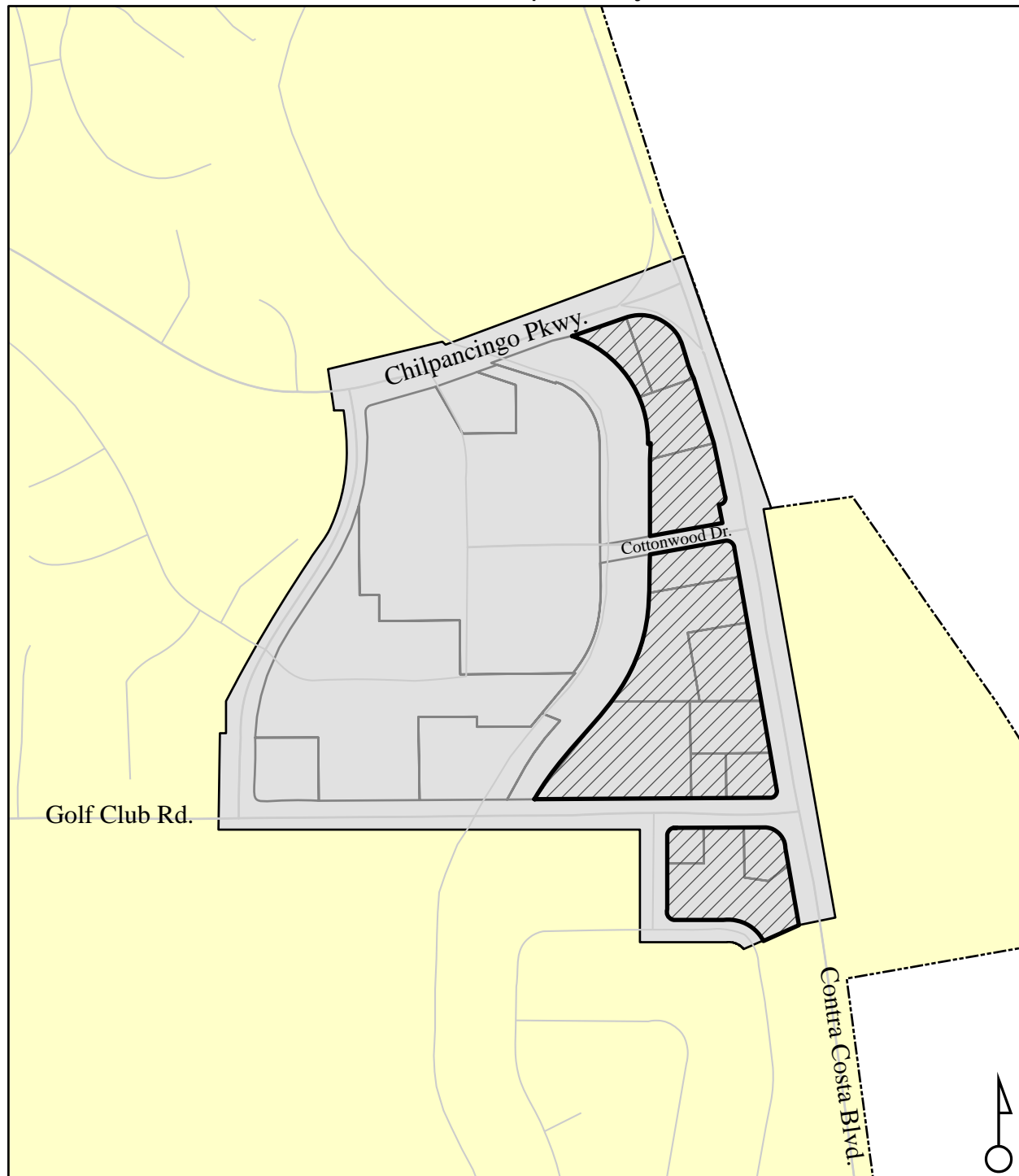





Pleasant Hill City Boundary

0 0.04 0.08 0.12 0.16 0.2  
Miles

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CONSULTING INC.

Figure II-5  
Area for Inclusion as Necessary for Effective Redevelopment  
Added Area  
Commons Redevelopment Project



-  Effective Redevelopment Area
-  Added Area
-  Pleasant Hill City Boundary

0 0.05 0.1 0.15 0.2 0.25 Miles

**Seifel**  
CONSULTING INC.

## **F. Conclusions for Blighting Conditions**

The Added Area suffers from substantial and prevalent physical and economic blighting conditions. The physical and economic blighting conditions found in the Added Area are summarized below, and have been described in greater detail throughout this chapter.

Adverse physical and economic conditions found in the Added Area include:

- Conditions that prevent or substantially hinder the economically viable use or capacity of buildings or lots
- Abnormally low lease rates

Buildings in the Added Area exhibit conditions that prevent or substantially hinder their viable use or capacity or that of the lots on which they sit. The buildings, which are primarily commercial in design and character, are substandard or obsolete given present development standards. The blighting conditions, as well as inadequate signage and circulation deficiencies, inhibit the proper use of property and impair investment in the Added Area. The presence of flood control easements on several parcels within the Added Area inhibits the proper use of property and impairs investment by hindering development. Current lease rates for commercial spaces in DVC Plaza are significantly lower than those for other retail shopping centers in the central Contra Costa County market area. These factors contribute to an ongoing cycle where new business tenants are unwilling to move in and lease rates remain low.

Public infrastructure and facility deficiencies contribute to blight in the Added Area. Public infrastructure deficiencies identified include missing or damaged curbing and sidewalks, above ground utilities, circulation and access deficiencies, and substandard and aging roads and bridges.

The analysis of blighting conditions in the Added Area indicates that these conditions are so substantial and prevalent that they constitute physical and economic blight. These blighting conditions have caused a reduction of, or lack of, proper utilization of the Added Area and constitute a serious physical and economic burden on the community, which cannot be reversed or alleviated without the assistance of the Agency through the authority of the CRL. Thus, redevelopment is necessary for the Added Area to eliminate or alleviate the blight conditions and effectuate the proper use and development of the Added Area.

# III. Added Area Redevelopment Program

## A. Introduction

This chapter describes the Agency's Added Area Redevelopment Program (Redevelopment Program), including its projects, activities and costs. It also describes how the Redevelopment Program will alleviate adverse conditions in the Added Area and meet the goals and objectives of the City General Plan.

This Chapter is organized as follows:

- Section A provides an overview of the chapter.
- Section B includes the goals and objectives of the Plan Amendment.
- Section C describes the relationship between the Redevelopment Program and the alleviation of blighting conditions.
- Section D describes the Agency's Non-Housing Redevelopment Program for the Added Area, and includes summaries of deficiencies to be corrected.<sup>1</sup>
- Section E describes the Affordable Housing Program for the Added Area.

The proposed Redevelopment Program includes key blight eliminating projects and activities to be financed from tax increment revenue generated from the Added Area, in combination with other leveraged private and public financial resources. The Redevelopment Program is integrated and balanced, and addresses the most significant adverse conditions identified in Chapter II.

The Redevelopment Program presents projects and activities that will have both immediate and long-term benefits. It is a long-term effort that will occur over the next three decades.

The Agency's cost of implementing the Redevelopment Program in constant 2008 dollars is \$10.4 million for the Non-Housing Redevelopment Program and \$4.7 million for the Affordable Housing Program.<sup>2</sup>

Refer to Chapter IV and Appendix D for a description of funding sources that may be used by the Agency to help fund the projects and activities.

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<sup>1</sup> This Program is referred to as the "Non-Housing" Program primarily to differentiate it from activities funded by the statutorily required low- and moderate-income housing tax increment set aside, as further described in the section on the Affordable Housing Program. At the Agency's discretion, Non-Housing Program funds can also be directed towards affordable housing, as well as mixed income or market rate housing activities that will meet the Agency's goals and objectives of alleviating blight in the Added Area.

<sup>2</sup> Agency Non-Housing Added Area Redevelopment Program costs of \$10.4 million (constant 2008 dollars) are equivalent to the available Added Area tax increment funds remaining after the deduction of pass through payments to taxing entities, the affordable housing set-aside, and Agency administration costs.

## **B. Plan Amendment Goals and Objectives**

The Plan Amendment will achieve the purposes of the CRL and General Plan of the City of Pleasant Hill. As set forth in the Plan Amendment, the goals and objectives intend to eliminate adverse physical and economic conditions documented in Chapter II. Together with zoning regulations, these objectives will continue to guide the direction of future development in the Added Area.

The central objective of the Plan Amendment is to renew and create economic stimulation within the Added Area to create a functioning balance of commercial (retail and office), residential and public space that will re-establish the aesthetic, economic, and social viability of the Added Area.

## **C. Relationship Between the Redevelopment Program and the Alleviation of Blighting Conditions**

The Redevelopment Program aims to alleviate the blighting conditions that interfere with the revitalization of the Added Area by improving economic conditions, stimulating private investment, improving public infrastructure and facilities, and meeting the Agency's affordable housing obligation. The Redevelopment Program meets the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions.

In general, the Redevelopment Program is designed to:

- Revitalize areas that exhibit physical and economic blighting conditions.
- Stimulate private investment and complementary development.
- Improve circulation, public infrastructure and public facilities.
- Provide tax increment funds for the redevelopment activities that are needed to alleviate blighting conditions.
- Enhance affordable housing opportunities, both rental and ownership units.

The Redevelopment Program will alleviate the adverse conditions identified in Chapter II. Table III-1 provides a matrix summarizing the relationship between the adverse conditions in the Added Area described in Chapter II and the projects and activities proposed to alleviate these conditions.

**Table III-1**  
**Added Area Redevelopment Projects and Activities and Blighting Conditions Matrix**  
**Commons Redevelopment Project Plan Amendment**

	Non-Housing					Housing		
	Economic Development		Community Enhancement			Residential Development Assistance Program	Housing Rehabilitation Program	Affordable Housing Program
<b>Blighting Conditions</b>	Economic Development Assistance Program	Commercial Development Assistance Program	Site Preparation and Development	Public Infrastructure and Facilities	Circulation	Public Open Space		
<b>Physical Blight</b>								
Conditions that Inhibit the Viable Use or Capacity of Buildings or Lots	■	■	■	■	■	■		■
<b>Economic Blight</b>								
Abnormally Low Lease Rates	■	■	■	■	■	■		■
<b>Inadequate Public Improvements</b>	■	■	■	■	■	■		

Source: Pleasant Hill Redevelopment Agency, Seifel Consulting Inc.



## **D. Description of the Agency's Non-Housing Redevelopment Program**

This section describes the Agency's proposed Non-Housing Redevelopment Program, including the deficiencies to be corrected, project and activity descriptions, and estimated costs.

The Non-Housing Program is divided into two areas: economic development and community enhancements. Both of these program areas contain three subcategories, described below:

- Economic development
  - Economic development assistance
  - Commercial development assistance
  - Site preparation and development
- Community enhancements
  - Public infrastructure and facilities
  - Circulation
  - Public open space

Cost estimates are necessarily preliminary in nature and subject to refinement as the Redevelopment Program planning and implementation proceeds. However, the cost estimates are adequate to provide reasonable orders of magnitude for financial feasibility evaluation and the need for tax increment financing. Table III-3, included at the end of this chapter, summarizes the total estimated costs of the Redevelopment Program.

### **1. Economic Development**

#### **a. Deficiencies to Be Corrected**

As described in Chapter II, the Added Area suffers from a variety of physical and economic blighting conditions that need to be alleviated in order for the area to attain its full economic potential. The Added Area contains substandard buildings, which impede efficient and economically feasible development and impair economic conditions in the Added Area.

An economic development program will promote private investment by attracting residential and commercial development and will also create a more active urban environment.

#### **b. Projects and Activities**

The Agency will promote policies and land use decisions that will facilitate the improvement and upgrading of older and outmoded uses in the Added Area, including mixed-use development where feasible in DVC Plaza. The projects and activities are presented in Table III-2 below.

#### **c. Estimated Program Costs**

The total Agency cost for the economic development projects and activities is \$5.2 million (in constant 2008 dollars).

Table III-2  
Projects and Activities  
Commons Redevelopment Project Plan Amendment

<b>Non-Housing</b>
<b>Economic Development</b>
<b>Economic Development Assistance Program</b>
Facilitate the improvement and upgrading of older and outmoded uses in the Added Area, including mixed-use development where feasible.
<b>Commercial Development Assistance Program</b>
Provide incentives to property owners, developers or investors to participate in the redevelopment of the Added Area through either new commercial construction or rehabilitation. Increase visibility of DVC Plaza from Contra Costa Boulevard and Golf Club Road.
<b>Site Preparation and Development</b>
Assist in property acquisition and site assembly.
<b>Community Enhancements</b>
<b>Public Infrastructure and Facilities</b>
Replace Golf Club Road bridge. Repair or replace raised, cracked or sunken sidewalks. Underground utilities. Improve flood control within the Added Area. Provide landscape improvements along Contra Costa Boulevard. Install streetscape features in the public right-of-way along Contra Costa Boulevard that call attention to consistent design themes and promote pedestrian friendliness.
<b>Circulation</b>
Improve pedestrian and vehicular circulation within and around the Added Area. Improve access to DVC Plaza from Contra Costa Boulevard by creating new turn pockets and signaling the intersection at Cottonwood Drive.
<b>Public Open Space</b>
Restore habitat and improve public access, including the addition of pedestrian walkways, along Grayson Creek.
<b>Housing</b>
<b>Residential Development Assistance Program</b>
Provide incentives to property owners, developers or investors to participate in the redevelopment of the Added Area through either new residential construction or rehabilitation.
<b>Housing Rehabilitation Program</b>
Provide loans to owner-occupied households primarily of very low and low income within the community for rehabilitation of their dwellings and to provide both administrative and technical assistance to persons participating in the program in applying for the loan, identifying the rehabilitation work needed and having the rehabilitation work completed in an acceptable manner.
<b>Affordable Housing Program</b>
Provide incentives to property owners, developers or investors to develop new low and moderate income housing within the community and, if needed, to provide incentives to property owners of existing housing to participate in this program by agreeing to restrict their rents to an "affordable housing rent" for at least the duration required by the CRL.

Source: Pleasant Hill Redevelopment Agency.

## **2. Community Enhancements**

### **a. Deficiencies to Be Corrected**

The Added Area suffers from access and circulation impediments, including lack of visibility of DVC Plaza, which is set back from Contra Costa Boulevard and not visible from major roadways. The Golf Club Road Bridge is dilapidated and deteriorated.

The community enhancements program will provide a comprehensive strategy for the revitalization of the Added Area and shape its physical appearance and character. This will stimulate private investment in the Added Area.

### **b. Projects and Activities**

The Agency will implement a community enhancements program, in conjunction with its affordable housing and economic development programs that will promote the full revitalization of the Added Area. The proposed projects and activities in this category address public facilities and infrastructure deficiencies, improve circulation, and provide for public open space in the Added Area. The community enhancements projects and activities are presented in Table III-2 above.

### **c. Estimated Program Costs**

The total Agency cost for community enhancement projects and activities is estimated at \$5.2 million (in constant 2008 dollars).

## **E. Description of the Affordable Housing Program for the Added Area**

This section describes the Affordable Housing Program for the Added Area, including project and activity descriptions and estimated project costs.

### **a. Description**

The Agency will continue to implement a key provision of the CRL: the enhancement of affordable housing opportunities for households earning at or below 120 percent of median income, with particular emphasis on those households earning at or below 50 percent of median income. Section 33334.2 of the CRL requires that of all tax increment revenue allocated to an agency, it set aside 20 percent, called the Housing Fund or Housing Set-aside Fund. This fund must be spent to preserve, increase or improve the community's supply of affordable housing.

The Agency currently implements a range of housing programs that seek to enhance project design and leverage federal, state and private funding sources to develop high quality, attractive and affordable housing developments serving a diverse population. The funds set-aside for the Affordable Housing Program from the Added Area will be used in a flexible manner in order to respond to favorable development opportunities. These funds will be leveraged and combined with the Housing Set-aside Fund from the Existing Area to meet housing needs throughout the community, with a particular emphasis on neighborhoods surrounding the Added Area.

The Agency will continue to promote the development of a wide variety of affordable housing in the community to enhance the vitality of the area and provide needed housing for the City. In particular, the Agency will encourage affordable single family and multi-family acquisition and rehabilitation, development of new housing and rehabilitation of existing rental and ownership units, infill development, mixed-income development and an array of senior housing options.

The Affordable Housing Program will address the overarching goal of assisting in increasing, improving, and preserving affordable low and moderate-income housing in the community, and to provide housing in the income and age categories needed based on the City's share of the region's needs.<sup>3</sup>

In developing its Affordable Housing Program, the Agency has been guided by the goals and objectives of the City's Housing Element of the General Plan, incorporated here by reference. Through its affordable housing activities, the Agency will support and advance the overall Housing Element programs, policies and strategies. The Agency is committed to assisting the City in achieving the goals presented in the Housing Element of the 2003 General Plan, including:

- Maintain a housing supply sufficient to meet the housing needs of all Pleasant Hill residents.
- Promote diversity in tenure, type, size, location and price to permit a choice of housing for persons of all economic levels.
- Increase housing opportunities for people of limited incomes.
- Improve housing conditions for people with special needs.
- Protect and rehabilitate the existing housing stock.
- Preserve the City's affordable housing stock whenever and wherever feasible.
- Ensure equal housing opportunities for all.
- Require energy conserving practice in the maintenance of existing dwelling and in new residential development, additions, and remodeling.
- Facilitate public participation in the formulation and review of the City's housing and development policies.

#### **b. Projects and Activities**

As part of the Affordable Housing Program, the Agency will undertake the following projects and activities in the proposed Added Area:

- Provide incentives to property owners, developers or investors to participate in the redevelopment of the Added Area through either new residential construction or rehabilitation. Provide increased affordable home ownership opportunities through downpayment assistance for first-time homebuyers.

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<sup>3</sup> Pleasant Hill Redevelopment Agency, Five Year Implementation Plan 2005–2009, November 2004.

- Provide loans to owner-occupied households primarily of very low and low income within the community for rehabilitation of their dwellings and to provide both administrative and technical assistance to persons participating in the program in applying for the loan, identifying the rehabilitation work needed and having the rehabilitation work completed in an acceptable manner.
- Provide incentives to property owners, developers or investors to develop new low and moderate income housing within the community and, if needed, to provide incentives to property owners of existing housing to participate in this program by agreeing to restrict their rents to an "affordable housing rent" for at least the duration required by the CRL.

**c. Estimated Program Costs**

The Agency cost for the Affordable Housing Program is projected to be \$4.7 million (in constant 2008 dollars).

**Table III-3  
Estimated Net Cost to Agency of Redevelopment Program  
Commons Redevelopment Project Plan Amendment**

	<b>Cost to Agency</b>
<b>Non-Housing Program</b>	
Economic Development	\$5,200,000
Community Enhancements	\$5,200,000
<b>SUBTOTAL</b>	<b>\$10,400,000</b>
<b>Housing Program</b>	<b>\$4,660,000</b>
<b>TOTAL</b>	<b>\$15,060,000</b>

- a. These funding amounts are estimates only and will be subject to further refinement as the Program proceeds. Numbers are rounded to nearest 10,000.

Source: City of Pleasant Hill, Seifel Consulting Inc.

## **IV. Proposed Methods of Financing and Feasibility**

### **A. Introduction**

Chapter IV describes the public and private financing aspects of the Added Area Redevelopment Program. It presents estimated total funding requirements, identifies potential resources and methods of financing available to the Agency, presents projected tax increment revenues, and assesses the general financial feasibility of the Redevelopment Program.

This chapter explains the necessity for the Agency to use tax increment financing as part of its overall financing program to eliminate adverse conditions in the Added Area. As described in Chapter I, the primary reason for adding territory is to alleviate blighting conditions and revitalize the Added Area. The pressure to provide funding sources for the cost of blight alleviation stems from both the necessity to mitigate these adverse conditions, and to improve public safety, health and welfare within the Added Area. Conditions that hinder the viable use or capacity of buildings or lots, abnormally low lease rates and inadequacies in public infrastructure and facilities can only be addressed through the Plan Amendment. While the Agency will continue to pursue all other potential funding sources, those sources alone will not be sufficient to fund the activities needed to alleviate the adverse conditions in the Added Area without tax increment financing.

Amending the Pleasant Hill Commons Redevelopment Plan will offer substantial benefits. The Redevelopment Program described in Chapter III will assist in eliminating adverse physical and economic conditions, which in turn will enhance the viability and expansion of businesses and initiate the revitalization of the Added Area.

This chapter is organized as follows:

- A. Introduction
- B. Stimulation of private investment in the Added Area
- C. Estimated funding requirements for the Added Area Redevelopment Program
- D. Potential sources other than tax increment financing
- E. Tax increment financing as the primary source of funding
- F. Assumptions used in tax increment projections
- G. Tax increment projections
- H. Financial feasibility of the Added Area Redevelopment Program
- I. Necessity of tax increment financing

### **B. Stimulation of Private Investment in the Added Area**

A major means of eliminating blight within the Added Area is to stimulate investment in the Added Area. Public investment in the form of redevelopment funding will be used to leverage private investment. Private investment is anticipated to include new commercial and residential development on vacant or underutilized parcels and the rehabilitation of commercial buildings in the Added Area.

Over time, such investment could be significant. However, private investment in these areas will depend upon the improvement of public facilities and infrastructure, elimination of adverse conditions and the establishment of a positive climate for private participation.

Given the extent of adverse conditions and the need for substantial public investment in the Added Area, effective implementation of the Redevelopment Program through the use of tax increment financing provides the most reasonable opportunity for stimulating private investment in the area.

## C. Estimated Funding Requirements for the Added Area Redevelopment Program

The implementation of the Redevelopment Program will require substantial funding. Chapter III describes this program, specifically identifying the projects and activities and their associated costs. The Agency cost estimates presented in Chapter III take into account the amount of outside funding sources that the Agency anticipates it will leverage under each program category. The estimated cost of the Redevelopment Program, as described in Chapter III and shown in Table IV-1 below, totals approximately \$15.1 million (in constant 2008 dollars).<sup>1</sup> The cost of this program excludes funding from non-Agency sources that will supplement Agency funds (as described in Section D and Appendix D).

**Table IV-1**  
**Estimated Cost to Agency of Added Area Redevelopment Program<sup>a</sup>**  
**In Constant 2008 Dollars**  
**Commons Redevelopment Project**

	<b>Cost to Agency</b>
<b>Non-Housing Program</b>	
Economic Development	\$5,200,000
Community Enhancements	\$5,200,000
<b>SUBTOTAL</b>	<b>\$10,400,000</b>
<b>Housing Program</b>	\$4,660,000
<b>TOTAL</b>	<b>\$15,060,000</b>

a. Based on estimates provided by Agency staff. Figures may not add due to rounding.

Source: City of Pleasant Hill, Seifel Consulting Inc.

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<sup>1</sup> The term 2008 dollars or constant 2008 dollars is used to indicate the present value of future dollars discounted back to 2008. For more information, refer to discussion on present value assumption in Section F.2 of this chapter.

## **D. Potential Sources Other than Tax Increment Financing**

The Redevelopment Plan authorizes the Agency to finance the Redevelopment Program using all available funding sources, including local, state and federal sources. Local sources include assessment districts, impact fees, interest income, and loans from sponsoring entities and other local public entities.

The Agency will make every effort to obtain alternative funding sources as a means to accelerate the implementation of the Redevelopment Program and minimize the required investment of tax increment revenues. The Agency will also work with the City and County and use their combined resources to secure federal, state and private funding. As appropriate, the Agency will also pursue available loan programs to maximize the leveraging of its funds. However, tax increment financing is the most reliable source of long term funding available to the Agency. It is the only source that will generate substantial revenue to meet the projected funding needs of the Redevelopment Program.

As part of the City's budgeting process, the long range Capital Improvement Program (CIP) details potential projects and activities throughout the City and indicates if funding sources have been identified or if projects remain unfunded. The Redevelopment Program includes some of the projects and activities in the CIP, among others, that do not have an identified source of funding and will be primarily reliant on tax increment revenues or the leveraging of other secondary funding sources.

Table IV-2 lists all potential sources of funding grouped by primary, secondary, complementary and unlikely. Appendix D includes a matrix of alternative funding sources that might be available to assist in financing the Redevelopment Program. It lists each potential source, the responsible entity, and a summary of the source and the type of funding (grant, loan, or other). Some sources may generate more funds than estimated, while others may generate less. Within Appendix D, Table D-1 groups funding sources by primary, secondary and complementary sources of funding. Primary sources are the most likely to be available to provide funding for the Redevelopment Program, while secondary sources are less likely to be available. While not providing direct funding to the Redevelopment Program, complementary sources could provide funding for economic development, business support and expansion, neighborhood improvements, and community enhancement. Funding sources considered to be unavailable or unlikely are listed in Appendix D, Table D-2.



**Table IV-2**  
**Funding Sources**  
**Commons Redevelopment Project Plan Amendment**

<b>Primary Sources</b>	<b>Unlikely/Unavailable Sources (continued)</b>
Tax Increment Financing	California Organized Investment Network (COIN)
Developer and Property Owner Participation	Community Capital Investment Initiative (CCII) and the Bay Area Family of Funds
	Small Business Administration (SBA)
<b>Secondary Sources</b>	Brownfield Economic Development Initiative (BEDI)
Interest Income	Safe, Accountable, Flexible, and Efficient Transportation Equality Act of 2003 (SAFETEA) (formerly TEA-21)
	SAFETEA (formerly TEA-21) - Congestion Management Air Quality Improvement Program (CMAQ)
<b>Complementary Sources</b>	SAFETEA (formerly TEA-21) - Surface Transportation Program (STP)
Development Impact Fees	SAFETEA (formerly TEA-21) - Transportation and Community and System Preservation Program (TCSP)
Mello-Roos Community Facilities District (CFD)	Transportation for Livable Communities (TLC)
Business Improvement District (BID)	Transportation Development Act (TDA)
Assessment Districts	Measure 2 Transit Funding
Brownfields Cleanup Revolving Loan Fund (BCRLF)	Transportation Fund for Clean Air (TFCA)
Fuel Tax	HOME
Infrastructure State Revolving Funds (ISRF)	Low Income Housing Tax Credits
Rule 20A Program	Public Works Grants
	Proposition 40, California Clean Water, Clean Air, Safe Neighborhood Park, and Coastal Protection Act of 2002
<b>Unlikely/Unavailable Sources</b>	Public Library Fund (PLF)
Technical Assistance Program	State-Local Partnership Program (SLPP)
Community Development Block Grants (CDBG)	National Preservation Loan Fund (NPLF)
Community Development Block Grants (CDBG) Section 108 Loan Guarantees	Historic Rehabilitation Tax Credits
New Market Tax Credits	Mills Act Property Tax Abatement Program

## **1. Primary Funding Sources**

Primary sources are the sources of funding most likely to be available to support the Redevelopment Program. Tax increment financing and developer and property owner participation are the only primary sources of funding anticipated to be available.

### **a. Tax Increment Financing**

Tax increment (TI) revenue is generated by the increase in property values within a designated Redevelopment Project Area, and it is the primary source of financing for a Redevelopment Agency's programs. The Agency is obligated to dedicate 20 percent of tax increment revenue to affordable housing programs. TI revenue is discussed in further detail below.

### **b. Developer and Property Owner Participation**

Developer and property owner participation has been used as a means for funding redevelopment activities in many communities. For example, funds may be advanced to a city or agency in the form of a negotiated fee or grant, or a loan for public improvements that is repaid during the course of project implementation from tax increment revenues. Some agencies have development agreements with developers, by which developers contribute funding for specific improvements, such as infrastructure and street improvements. Property owners provide repayment on low interest loans or are required to provide private funds to match agency rehabilitation grants.

## **2. Secondary Funding Sources**

While less significant or less likely to be available than primary funding sources, secondary sources will help the Agency to meet the redevelopment goals and objectives for the Added Area. Interest income generated from the investment of tax increment revenues and bond proceeds is the only secondary source anticipated to be available. Income from this source could be made available for a variety of redevelopment activities. However, much, if not all, of the interest income will likely be offset by the need for the Agency to pay interest on indebtedness, including Agency issued bonds. Actual income from this source would also be influenced by the amount of money available for investment, term of the investment, and achievable interest rates. Complete descriptions of secondary sources of funding are provided in Table D-1 of Appendix D.

## **3. Complementary Funding Sources**

While not providing direct funding to the Program, complementary sources could provide funding for economic development, business support and expansion, neighborhood improvements, and community enhancement. Complete descriptions of complementary sources of funding are provided in Table D-1 of Appendix D.

#### **4. Funding Sources Considered to be Unavailable or Unlikely**

As permitted by law, the Agency can utilize local, state, and/or federal government funds, and also funds from private sector sources. A significant number of other sources to fund activities in the Added Area were evaluated by the Agency for their potential use to fund redevelopment activities. None of these sources are likely to provide substantial additional financial resources that the Agency could utilize to alleviate blight, and many are loans that would have to be repaid from tax increment. In addition, other sources have been found to be clearly infeasible or to have little potential of generating measurable revenues. Detail on the unlikely sources of funding is provided in Table D-2 of Appendix D.

#### **E. Tax Increment Financing as the Primary Source of Funding**

The primary source of financing for the Added Area Redevelopment Program will be tax increment revenue generated by the increase in property values from the Added Area. Based on the assumptions outlined in this chapter, the tax increment revenues generated over the tax increment collection period are projected to be sufficient to meet the Agency costs for the Program (for both housing and non-housing activities) that cannot reasonably be financed from other sources. The Agency prepares an annual budget and a long-term budget projection each year that sets forth its projected revenues and expenditures. The Agency annually evaluates the projected amount of funds available from tax increment and other revenue sources and sets its annual budget and long-term budget projection taking into account the level of these funding resources.

The Added Area will have a base assessed value and financial limits independent of the Existing Area. Additionally, the Added Area will not have a limit on the dollar amount of tax increment collection, because the portions of a project area that are added to an existing area on or after January 1, 1994 are not required to have a limit on tax increment collection.<sup>2</sup>

This section presents an overview of the use and calculation of tax increment revenue under the CRL. Section F below then describes specific considerations and assumptions relevant to the estimates of tax increment revenue that may be generated, and Section G summarizes tax increment projections. Appendix E includes detailed projections of potential tax increment revenues.

#### **1. Time and Fiscal Limits**

The Added Area's fiscal and time limits, which will affect the amount of tax increment revenue the Agency can receive, are as follows:<sup>3</sup>

##### **Time Limit to Incur Debt**

The Agency's ability to enter into new bonded indebtedness is limited to 20 years in the Added Area.

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<sup>2</sup> AB1290 eliminated the requirement that plans adopted after January 1, 1994 contain a limit on tax increment collection.

<sup>3</sup> The time limits apply to tax increment revenues generated in the Added Area only.

### **Time Limit to Implement Project Activities**

The Agency must complete all project activities in the Added Area within 30 years after adoption of the Plan Amendment. This limit is also referred to as the limit for plan effectiveness.

### **Time Limit to Receive Tax Increment and Repay Debt**

The Agency can collect tax increment for 45 years to repay debt. Thus, the Agency has 25 years to repay bonds issued in year 20, the last year for issuance of debt. The Agency can continue to repay debt for 15 years after it has completed all project activities.

### **Limit on Amount of Outstanding Bonded Indebtedness**

The Plan Amendment must include a limit on the total amount of outstanding bonded indebtedness secured by tax increment revenue. The Agency intends to include the Added Area's indebtedness under the Existing Area's \$100 million limit on the amount of outstanding bonded indebtedness.

## **2. Using Tax Increment Revenue to Eliminate Adverse Conditions**

The general purpose of redevelopment is the elimination of adverse conditions. The completion of a redevelopment program results in a project area that is physically enhanced and economically stronger due to the elimination of blighting conditions. Chapter II summarizes evidence of adverse conditions in the Added Area. The Redevelopment Program described in Chapter III is specifically designed to stimulate private investment and alleviate physical and economic blighting conditions in the Added Area. The use of tax increment revenue is the most appropriate means of providing sufficient funding for the Redevelopment Program.

## **3. Stabilizing and Enhancing the Property Tax Base**

In many communities, redevelopment projects have led to the stabilization of property tax rolls and tax receipts for taxing entities within project areas. As a result, these communities have avoided declines in tax revenues due to erosion of property values. In most redevelopment project areas, the investment of public redevelopment funds to leverage private investment has resulted in substantial increases in property values over time due to rehabilitation, new construction, and property appreciation.

## **4. Establishing the Base Year Assessed Value**

The first major step in the implementation of a tax increment financing program, establishing the base year assessed value of a project area, occurs at the time of redevelopment plan adoption or amendment. The base year assessed value includes the total value of taxable property within a project area's boundaries. The tax roll used is called the base year assessment roll or base year assessed value. The base year value for the Existing Area remains the same. The base year for the Added Area will be the fiscal year when the Plan Amendment is adopted. Thus, the base year for the Added Area will be FY 2008/09.

## **5. Distribution of Property Taxes During Project Implementation**

Under the Plan Amendment, all of the entities that levy taxes in the Added Area will continue to receive all property tax revenues derived from the relevant base assessed value. In addition, the taxing entities receive a portion of the property tax revenues generated from the increases in assessed value over a relevant base year assessed value, known as pass through payments.

Assembly Bill 1290, effective for plans adopted or amended January 1, 1994 or later, eliminated the authorization for establishing or amending negotiated contractual pass through agreements and imposed statutorily determined pass through payments to affected taxing entities.

Thus, the CRL currently provides standard formulas for the calculation of pass through payments for plans adopted or amended after 1993. Each entity receives a payment in proportion to its property tax levy in each project at the time of plan adoption or amendment. The pass through payments constitute the State Legislature's determination of the payments necessary to alleviate any financial burden of the Redevelopment Program to affected taxing entities. CRL

Section 33607.5(f)(1)(B) states that statutory pass through payments are the only payments that are required of a redevelopment agency to affected taxing entities during the term of a redevelopment plan. (The calculation of statutory pass through payments are further described in Section F.5 below.)

## **6. Tax Increment Financing**

The Plan Amendment enables the Agency to receive tax increment revenues as defined in CRL Section 33670. Therefore, the method of financing commonly referred to as tax increment financing is available to the Agency for purposes of implementing the Plan Amendment in the Added Area. The addition of the Added Area will allow the Agency to extend Redevelopment Program activities into this area.

## **7. Distribution of Property Taxes after Project Completion**

When a redevelopment project is completed and loans or other indebtedness have been repaid, all property taxes flow back to the respective taxing entities.<sup>4</sup> Taxing entities benefit from increases in property tax revenues resulting from revitalized and redeveloped project areas. In many communities, such increases are substantial. In fact, over time, taxing entities can recoup revenues following project completion sufficient to make up for the property tax revenues that were allocated to tax increment during the redevelopment implementation period. This recovery would occur because the increases in assessed valuation from revitalization of the project areas are greater as a result of redevelopment than the assessed valuation increases that would have occurred without redevelopment. Thus, payments to the affected taxing entities from a redevelopment project area can exceed the property taxes that the taxing entities would reasonably expect to receive from a slow-growing assessed valuation roll without redevelopment.

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<sup>4</sup> Under the Plan Amendment and consistent with the current CRL, tax increment collection would end in FY 2053/54 for the Added Area.

## **F. Assumptions Used in Tax Increment Projections**

The tax increment projections in this report are intended only as estimates based on the best available information as of the date of this Report. Actual tax increments may be higher or lower than the projections. Refer to the tables in Appendix E for detailed analysis of potential tax increment revenues for the Added Area.

### **1. Base Year Assessed Value**

The base year for the Added Area will be FY 2008/09. The estimated FY 2008/09 assessed value of the Added Area is \$77.1 million according to the Contra Costa County Assessor's Office and the California State Board of Equalization. Please refer to the tables in Appendix E for detailed projections of potential tax increment revenues for the Added Area.

### **2. Present Value Assumptions**

The analysis below provides estimates of tax increment revenues in both future value (nominal) dollars and present value (constant) dollars. The purchasing power of nominal dollars declines because of inflation and/or the cost of borrowing. Therefore, it is important to convert the annual amounts to the equivalent value in constant 2008 dollars before making a direct comparison between potential revenues and projected costs.

The present value in constant 2008 dollars is calculated by discounting future tax increment revenues by an annual rate of 5.5 percent to FY 2008/09, the year of adoption. This discount rate accounts for the cost of inflation, as well as the average cost of borrowing money for the City and the Agency (e.g., issuing tax allocation bonds), to approximate the present value of future dollars. Most tax increment will be pledged to the issuance of bonds, and a portion of tax increment may be used on a pay-as-you-go basis.

### **3. Growth Assumptions**

Tax increment revenues are generated from the growth in assessed value above the base year assessed value (incremental assessed value). Tax increment revenues are projected by applying the effective property tax rate, assumed at one percent, to the incremental assessed value.<sup>5</sup> Growth in assessed property values in the Added Area is based upon the factors below:

#### **Annual Inflation Rate**

The annual inflation rate is assumed at two percent per year for properties that remain in the same ownership. Two percent is the maximum annual increase that is allowed by the California State Constitution as a result of Proposition 13 in the absence of certain events that can trigger a reassessment, such as a sale or construction of a new improvement. This two percent inflation factor is applied to the secured assessed value.

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<sup>5</sup> Tax increment projections exclude overrides.

## **Reassessment Adjustment**

An annual reassessment adjustment represents the increases in assessed value following property reassessment, which is triggered by: (1) the transfer, or sale, of real property, (2) upgrading of real property improvements due to rehabilitation or additions to existing buildings, or (3) the reassessments of new development to market value once construction is completed. The reassessment adjustment for secured property is assumed to be one percent per year in the Added Area.

## **New Development in the Added Area**

Projections for new development in the Added Area are based on estimates of growth that will occur with new construction and redevelopment of properties in the area. The consultants have prepared development estimates for the purposes of projecting tax increment projections based on assumptions derived from the input of Agency staff, the Notice of Preparation /Initial Study on the Plan Amendment, the 2003 Pleasant Hill General Plan and analysis of historical and current market conditions for commercial and residential space in Pleasant Hill. Projections for new development in the Added Area are within the maximum buildout allowed under the current General Plan.

The redevelopment of DVC Plaza and surrounding parcels can accommodate up to 300 residential units and the addition of 105,000 square feet of commercial space. Although the Added Area does not currently have any residential units, the 2003 Pleasant Hill General Plan allows for housing development. The consultants projected the residential unit construction would commence in FY 2013/14 and continue through FY 2019/20. A total of 300 residential units are expected to be built within this period. Based on an analysis of housing market conditions in Pleasant Hill, each residential unit is expected to add approximately \$250,000 in assessed value to the Area (2008 dollars). Commercial development is expected to begin in FY 2012/13 and continue for 13 years to FY 2024/25. Within this period, 105,000 square feet of commercial space is expected to be added to the Added Area.

## **4. Agency Tax Increment Obligations**

The Agency must use tax increment revenue to fulfill the following obligations:

### **a. County Fee for Property Tax Administration**

Contra Costa County retains fees for the administration of tax increment revenues. The projections in this report estimate the county administration fee at 1.0 percent of the basic one percent incremental tax revenues for the Added Area based on the amount assessed in the Existing Area for FY 2007/08 as a percentage of tax increment.<sup>6</sup>

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<sup>6</sup> Per the Pleasant Hill Redevelopment Agency and the Office of the Assessor for Contra Costa County.

**b. Statutory Pass Through Payments**

In the Added Area, all affected taxing entities will receive statutory pass through payments, as required by the CRL for new or added project areas established January 1, 1994 or later. Section 5 presents a detailed explanation of the statutory pass through payment calculations.<sup>7</sup>

**c. Housing Set-Aside for Affordable Housing Program**

Section 33334.2 of the CRL requires that 20 percent of the gross tax increment revenues generated be used for increasing and/or improving the community's supply of low and moderate-income housing. In other words, twenty cents out of each tax increment dollar generated during the 45 year tax increment collection period must be channeled into the Housing Set-aside Fund to finance the Agency's affordable housing program. Administrative costs related to the implementation of the Affordable Housing Program are typically paid out of the Housing Set-aside Fund.

**d. Agency Administration**

The projections in the Report to Council estimate the Non-Housing Agency administrative costs at 11 percent of the incremental tax revenues remitted to the Agency after pass through payments and housing set-aside. The percentage is based on the percentage of total tax increment used for Agency administration indicated in the 2005-09 Commons Area Five-Year Implementation Plan. As noted above, the administrative cost related to the implementation of the Agency's Affordable Housing Program is paid out of the Agency's Housing Set-aside Fund.

**5. Calculation of Pass Through Payments**

**a. Pass Through Payment Status for Existing Area not Impacted by the Plan Amendment**

The Plan Amendment will not change the pass through obligations in the Existing Area, because statutory pass through payment obligations already exist for all taxing entities levying property taxes in the Existing Area. The Agency will continue to pay these statutory pass through payments accordingly after the adoption of the proposed Plan Amendment.

**b. Statutory Pass Through Payments Triggered by the Plan Amendment**

Statutory pass through payments will be required in the Added Area. The taxing entities will receive a portion of the property tax revenues generated from the increases in assessed value of the Added Area over the FY 2008/09 base year assessed value, in the form of statutory pass through payments.

**c. Statutory Pass Through Payments Calculation**

Similar to adopting a new project area, when adding area to an existing area, the agency must make pass through payments to affected entities in the added area. Such amendments must follow the CRL-mandated procedure described below.

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<sup>7</sup> In the Existing Area, taxing entities will continue to receive statutory pass-through payments.



The mandated pass through is calculated based on the difference between the assessed value in the particular year for which the pass through is being calculated and the assessed value of the relevant pass through base year. Each taxing entity receives its proportionate share of pass through payments, calculated for three tiers. Each taxing entity receives an amount equal to its property tax levy times the increase in assessed value above the relevant pass through base assessed value, then times a mandated pass through percentage for each of three tiers. Over the life of a redevelopment project, each entity will receive its proportionate share of three tiers of pass through payments:

### **Tier One**

The Tier One pass through is equal to 20 percent of the gross tax increment generated from assessed value growth above the relevant Tier One base year value. In the Added Area, the Tier One base year value will be the FY 2008/09 assessed value and the statutory pass through obligation is projected to begin in FY 2009/10.<sup>8</sup>

The City may elect to receive the Tier One pass through; however, it cannot participate in the Tier Two and Tier Three pass through payments. This decision to elect the Tier One pass through is made before the adoption of the Plan Amendment. This report assumes that the City will elect to receive its Tier One pass through.

### **Tier Two**

The Tier Two pass through is equal to 16.8 percent of the gross tax increment generated from assessed value growth above the second tier statutory pass through assessed value base. In the Added Area, Tier Two pass through payments begin in the eleventh year during which the Agency receives tax increment revenue for the Added Area, projected to be FY 2019/20, and would be based on the incremental growth above the assessed value in the tenth year of tax increment collection. This Tier Two pass through is added to the Tier One payment and continues through the remaining life of the Redevelopment Plan.

### **Tier Three**

The Tier Three pass through payment is equal to 11.2 percent of the gross tax increment generated from assessed value growth above the Tier Three assessed value base. In the Added Area, the Tier Three pass through payments begin in the thirty-first year during which the Agency receives tax increment revenue for the Added Area, projected to be FY 2039/40. This Tier Three pass through is added to the Tier One and Tier Two payments and continues until expiration of the time limit for the Agency's receipt of tax increment from the Added Area.

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<sup>8</sup> Actual pass through payments will begin the year the Added Area generates tax increment.

## **G. Tax Increment Projections**

### **1. Incremental Tax Revenues**

The Added Area is projected to generate approximately \$101.6 million in incremental tax revenues in nominal dollars, or \$23.3 million in constant 2008 dollars, over the time period for collecting tax increment. Table IV-3 shows how these funds are projected to be distributed to the County for property tax administration, pass through payments to taxing entities, housing set-aside, non-housing projects, and redevelopment administration. The tables in Appendix E provide detailed tax increment projections for the Added Area.

## **H. Financial Feasibility of the Added Area Redevelopment Program**

This section demonstrates why, with tax increment revenue, the Agency has a feasible plan for financing the Redevelopment Program to eliminate blight. Together with other public and private revenue sources, tax increment revenues will be a critical funding component in helping the City and Agency to meet the costs required to implement the Redevelopment Program.

To evaluate the feasibility of the Redevelopment Program, the following analysis compares its estimated costs with the projected tax increment related funding sources. As previously shown in Table IV-1, the cost to the Agency to complete the Redevelopment Program (excluding the Agency's Non-Housing administrative costs) is estimated to be \$15.0 million in constant 2008 dollars.

Over 45 years, the Agency is projected to receive about \$16.3 million (in constant 2008 dollars) in tax increment revenue for the Agency's Redevelopment Program. The Agency is expected to have \$1.3 million to support administration of its Redevelopment Program as shown in Table IV-4.

Although the estimated project costs and projected revenues will vary over time from those presented in this chapter, it is reasonable to conclude that the Redevelopment Program will be financially feasible. The Agency will adopt an annual budget and adopt an Implementation Plan every five years to develop a balanced financial approach to funding the specific action items in the Redevelopment Program. The Agency will assure through its annual budget process that the Redevelopment Program is financially feasible.

**Table IV-3**  
**Summary of Added Area Tax Increment Revenues**  
**Over the 45 Year Tax Increment Collection Period**  
**Commons Redevelopment Project Plan Amendment**

	<b>Nominal Dollars</b>	<b>Constant 2008 Dollars<sup>a</sup></b>
Incremental Tax Revenues	\$101,600,000	\$23,300,000
Less: County Property Tax Administration	<u>\$1,000,000</u>	<u>\$200,000</u>
Net Taxes Remitted to Agency	\$100,600,000	\$23,100,000
Less: Pass-Through Payments to Taxing Entities	\$32,300,000	\$6,700,000
Tax Increment for Housing and Non-Housing Projects	\$68,300,000	\$16,300,000
Less: 20% Set-Aside for Affordable Housing	<u>\$20,300,000</u>	<u>\$4,700,000</u>
Tax Increment Available for Non-Housing Projects	\$48,000,000	\$11,700,000
Less: Redevelopment Administration	<u>\$5,300,000</u>	<u>\$1,300,000</u>
<b>Net Available for Non-Housing Redevelopment Program</b>	<b>\$42,700,000</b>	<b>\$10,400,000</b>

a. Equal to net present value of future revenue stream discounted at 5.5% per year, assuming Agency would issue bonds during the life of the project.

Note: Amounts may not precisely match, due to rounding.

Source: Pleasant Hill Redevelopment Agency, Seifel Consulting Inc.

**Table IV-4**  
**Estimated Added Area Tax Increment Revenues**  
**and Agency Funding Requirements**  
**(Constant 2008 Dollars)**  
**Commons Redevelopment Project Plan Amendment**

Tax Increment Available for Projects and Activities <sup>a</sup>	\$ 16,300,000
Less: Agency Affordable Housing Program <sup>b</sup>	\$ 4,700,000
Less: Agency Non-Housing Program <sup>b</sup>	\$ 10,400,000
Less: Projected Administration Expenses for Non-Housing Activities <sup>b</sup>	\$ 1,300,000
Funding Surplus or Deficit	\$ -

a. Present value of future tax increment revenues projected to be available for implementation of the Redevelopment Program (includes housing, non-housing and non-housing administration costs).  
See Appendix E for details.

b. See Tables IV-1 and IV-3.

Note: Amounts may not precisely match, due to rounding.

Source: Pleasant Hill Redevelopment Agency; Seifel Consulting Inc.

## **I. Necessity of Tax Increment Financing**

This section summarizes the extent of physical and economic blighting conditions in the Added Area, and explains why private enterprise and governmental action, working alone or together, cannot reasonably be expected to reverse the blighting conditions without redevelopment.

### **1. Extent of Physical and Economic Blighting Conditions**

The physical and economic blighting conditions in the Added Area are so prevalent and substantial that they cannot reasonably be expected to be reversed without redevelopment assistance. The documentation of adverse physical and economic conditions in Chapter II, and the photographs contained in Appendix C demonstrate that substantial blight is prevalent.

Conditions that substantially hinder the economically viable use or capacity of buildings or lots in the Added Area include substandard and obsolete design, inadequate signage, flood control easements, and limited accessibility and circulation.

Adverse economic conditions, including abnormally low lease rates, cause a reduction or lack of proper use of the Added Area.

Inadequate public infrastructure including missing or damaged curbing and sidewalks, above ground utilities, and circulation and access deficiencies negatively impact portions of the Added Area.

These physical and economic conditions are a hindrance to the area that cannot be reversed or alleviated without the assistance of the Agency through the authority of the CRL. These blighting conditions have caused a reduction of, or lack of, proper utilization in the Added Area and constitute a serious physical and economic burden on the community, which cannot be reversed or alleviated without the assistance of the Agency through the authority of the CRL.

### **2. Significant Burden on the Community**

Chapter II documented that blighting conditions have become a burden on the community and that portions of the Added Area are not being used to the same potential as properties in other parts of the City. The reduction, or lack, of proper utilization constitutes a serious physical and economic burden on the community in at least the following respects:

- Deprives property and business owners of a competitive return on their investments
- Hinders the enhancement of the physical environment
- Prevents proper usefulness and development of land
- Deprives residents of Pleasant Hill and surrounding areas of employment opportunities
- Prevents adequate supply of affordable and other housing
- Deprives the City, the County, the education districts, and other affected taxing entities of an expanding tax base
- Hinders the development of a stronger economic base for the community

### **3. Limitations of Private Enterprise**

The Redevelopment Program to alleviate blighting conditions is not financially feasible for the private sector acting alone. Without redevelopment, many of the program costs would have to be borne solely by the private sector. This chapter and Appendix D present a discussion of possible sources of private sector funds for redevelopment. By themselves, these sources would not be able to provide the resources necessary to eliminate blighting conditions and revitalize the area.

The private sector's ability to alleviate blight is limited by the following factors, among others:

- Presence of flood control easements
- Limited accessibility and circulation
- Inadequate public facilities and infrastructure deficiencies

### **4. Inability of Private Enterprise or Government to Alleviate Blight**

Alleviating blighting conditions is not feasible by governmental action alone because governmental action is limited by the lack of a reliable flow of federal, state, or local financial resources available to fund a comprehensive revitalization program, as discussed earlier. Redevelopment assistance in the form of tax increment revenue is a last-resort funding source that is essential to fund the alleviation of blighting conditions and an effective revitalization effort for the Added Area. As described earlier and in Appendix D, all other feasible sources of non-tax increment revenue will be applied toward Redevelopment Program costs. However, the costs of the Redevelopment Program to alleviate blighting conditions are significant, and the projects and activities of the Redevelopment Program could not be undertaken without redevelopment assistance.

### **5. Why Tax Increment Financing Is Necessary**

Tax increment financing is necessary to finance the Redevelopment Program costs. The costs to alleviate documented blighting conditions, as discussed in Chapter III, substantially exceed available funding from public and private sources. Tax increment financing is the only source available to fill the substantial gap between the costs of the Redevelopment Program and other public and private revenue sources. This chapter demonstrates the general economic feasibility of the Plan Amendment pursuant to Section 33670, as required by the CRL. This chapter and Chapter III demonstrate that the proposed Plan Amendment is necessary to eliminate documented blight in the Added Area.

Neither the private sector alone, the public sector alone, nor the private and public sectors working together without redevelopment assistance can financially support the costs of the redevelopment efforts in the Added Area. Because these projects and activities are critical to the revitalization of the Added Area, tax increment financing is needed to assist in funding these projects. Tax increment financing will be the critical funding source that the Agency will use to implement redevelopment in the Added Area.

Without redevelopment assistance, neither the private nor public sectors working independently or together can financially support the substantial costs of the proposed Redevelopment Program. Because these projects and activities are critical to the revitalization of the Added Area, tax increment financing will continue to be a critical funding source enabling the Agency to implement the Redevelopment Program.

## V. Five Year Implementation Plan

The Implementation Plan is a guide setting forth an agency's goals, objectives and potential programs over a five year implementation plan period, while providing flexibility so the agency may adjust to changing circumstances and new opportunities. The Implementation Plan describes how the Agency is planning to implement the goals and objectives outlined in the Plan Amendment in a focused way during the next five years in order to maximize the ability of the existing funds to eliminate blight and revitalize the Added Area. The Agency will enhance its ability to revitalize the Added Area by strategically targeting the use of its limited funds. In addition, the Implementation Plan provides a mechanism for the Agency to monitor its progress meeting its affordable housing obligations as required by the CRL.

### A. Statutory Requirement

This chapter satisfies the CRL Section 33352(c) requirement that a redevelopment agency adopting or amending a redevelopment plan prepare and adopt a five year implementation plan for the redevelopment project area or added area.

Section 33352(c) states:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(c) An implementation plan that describes specific goals and objectives of the agency, specific projects then proposed by the agency, including a program of actions and expenditures proposed to be made within the first five years of the plan, and a description of how these projects will improve or alleviate the conditions described in Section 33031.*

### B. Analysis

The Implementation Plan for the five year period between FY 2008/09 and FY 2012/13 describes the overall Redevelopment Program for the Added Area. The Implementation Plan for the Added Area is provided in Appendix G.

## VI. Method or Plan for Relocation

There are no residents within the Added Area, therefore, the Agency does not anticipate undertaking activities or providing assistance to activities that will result in the displacement of residents. (Refer to Section B.1 below for limitations and prohibitions on the use of eminent domain.) If Agency acquisition or redevelopment of property with Agency assistance were to result in displacement of commercial or other non-residential occupants, the Agency will comply with applicable relocation requirements.

### A. Statutory Requirements

California law stipulates that the report to the legislative body include a relocation plan. Section 33352(f) of the CRL requires that the report to the legislative body contain:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(f) A method or plan for the relocation of families and persons to be temporarily or permanently displaced from housing facilities in the project area, which method or plan shall include the provision required by Section 33411.1 that no persons or families of low- and moderate-income shall be displaced unless and until there is a suitable housing unit available and ready for occupancy by the displaced person or family at rents comparable to those at the time of their displacement.*

### B. Analysis

#### 1. Prohibitions and Limitations on Use of Eminent Domain

Under the proposed Plan Amendment, the Agency would be granted eminent domain authority in the Added Area for a period of twelve years from the adoption of the Plan Amendment.<sup>1</sup> The Plan Amendment grants the Agency authority to acquire property using eminent domain for the purpose of eliminating blighting conditions. The Agency may acquire property in the Added Area for the purpose of effecting redevelopment, however the Redevelopment Plan includes prohibitions and limitations on the use of eminent domain, as excerpted from Section V.A.1 of the Redevelopment Plan, as amended.<sup>2</sup>

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<sup>1</sup> Eminent domain authority for the Existing Project Area expires on December 16, 2010 for the Commons and Commons 1-A Original Area and on July 19, 2012 for the Monument Boulevard Added Area. The proposed Plan Amendment does not modify eminent domain authority over properties in the Existing Area.

<sup>2</sup> Excerpted from the Pleasant Hill Commons Redevelopment Plan as Amended by Amendment No. 14, Pleasant Hill Redevelopment Agency, August 2008.



*However, said power of eminent domain will not be exercised when:*

- (a) The property in question is improved with a structure and the Agency has determined by resolution that the rehabilitation of the structure and its proposed use is consistent with the objectives of the Plan and that such rehabilitation is in the best interest of the Project and the owner has thereafter entered into an owner participation agreement and is faithfully performing under the terms of the agreement.*
- (b) The property in question is improved by a structure and its use is consistent with the objectives of the Plan, that such property conforms to the Plan and that no owner participation agreement is necessary so long as the structure is adequately maintained and properly landscaped.*
- (c) The agency shall not acquire real property on which an existing building is to be continued on its present site and in its present form and use without the consent of the owner, unless: (i) such building requires structural alteration, improvement, modernization or rehabilitation; (ii) the site or lot on which the building is situated requires modification in size, shape or use; or (iii) it is necessary to impose upon such property any of the controls, limitations, restrictions and requirements of this Plan, and the owner fails or refuses to execute a participation agreement in accordance with the provisions of this Plan.*
- (d) The property in question is owned by a public body.*

## **2. Relocation Assistance Program Guides**

While the Agency currently has no specific plans that would result in the displacement of businesses within the Added Area, the Plan Amendment authorizes activities that could result in such a displacement. According to the Redevelopment Plan, the Agency may use a variety of redevelopment techniques to achieve economic, social and physical revitalization and beautification within the Added Area. These techniques include:<sup>3</sup>

- Acquisition of certain real property;*
- Demolition or removal of buildings and improvements;*
- Rehabilitation of structures and improvements by present owners, their successors, and the Agency;*
- Relocation assistance to displaced residential and non-residential occupants;*
- Installation, construction, or reconstruction of streets, utilities, landscaping and other on-site and off-site improvements;*
- Disposition of property for uses in accordance with the Redevelopment Plan;*
- Redevelopment of land by private enterprise or public agencies for uses in accordance with the Redevelopment Plan;*
- Providing for open space and recreational land use; and*
- Providing for participation by owners and business tenants presently located in the Project Area and the extension of preferences to displaced occupants desiring to remain within the redeveloped Project Area.*

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<sup>3</sup> Excerpted from the Pleasant Hill Commons Redevelopment Plan, Section V.

In the event that a person or business is displaced due to actions taken by the Agency to acquire property, the Agency will be subject to the standards and procedures as outlined in the Relocation Assistance Program Guides.

The Agency has adopted two Relocation Assistance Program Guides, one for Residential Owners and Tenants and one for Business Owners and Tenants, both of which will apply to the Added Area. The Relocation Assistance Program Guides include the Agency's policy "to assure that all displaced persons with the Project Area will be treated in a fair and equitable manner and in accordance with the requirements of the law."<sup>4</sup>

The Agency's Relocation Assistance Program Guides for Residential Owners and Tenants and for Business Owners and Tenants are included in Appendix I.

### **3. Owner Participation Rules**

The Agency may acquire blighted property in the Added Area for effective redevelopment, although no specific acquisitions are anticipated at this time. While it is the Agency's policy to minimize real property acquisition, it is also the policy of the Agency to vigorously pursue the participation of owners should acquisition occur.<sup>5</sup> In the event that property is acquired, the Agency will follow the rules set forth governing owner participation.

The Agency has adopted rules governing owner participation in the Commons Redevelopment Project Area, which will apply to the Added Area upon adoption of the Plan Amendment. Appendix I includes the Amended and Restated Rules for Owner Participation.

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<sup>4</sup> Relocation Assistance Guide for Residential Owners and Tenants and Relocation Assistance Guide for Business Owners and Tenants, April 2005, pp. 1.

<sup>5</sup> Amended and Restated Rules for Owner Participation, Pleasant Hill Commons and Schoolyard Redevelopment Project Areas, Pleasant Hill Redevelopment Agency, April 6, 1992, pp. 1

## VII. Analysis of Preliminary Plan

This chapter analyzes the Preliminary Plan for this amendment to the Pleasant Hill Commons Redevelopment Plan.

### A. Statutory Requirements

CRL Section 33352(g) states:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*  
*(g) An analysis of the preliminary plan.*

### B. Analysis

The City Council will consider amending the Pleasant Hill Commons Redevelopment Plan to include additional territory. The initial process for the Plan Amendment began in September 2007, when the City Council designated the Redevelopment Survey Area. Following adoption of the Survey Area, the Agency reduced the boundaries to focus Agency efforts on the areas in most need of redevelopment. In March 2008, the Planning Commission approved the Preliminary Plan for the Amendment to the Redevelopment Plan for the Pleasant Hill Commons Redevelopment Project.

The Preliminary Plan for the Added Area, adopted by the Planning Commission in March 2008, is a general statement of land uses, layout of principal streets, population densities, building intensities, and proposed buildings standards that serve as the basis for redevelopment of the Added Area.

The general land uses proposed as part of redevelopment include the following uses:<sup>1</sup>

- Mixed uses, including commercial retail and medium density residential;
- Open space uses, particularly landscapes and landscaped parks and plazas; and
- Other uses consistent with the City of Pleasant Hill General Plan.

Other general provisions of the Preliminary Plan include the following:<sup>2</sup>

- Existing streets in the Added Area will remain primarily as they are, but street designs may be modified to better accommodate pedestrian and vehicular (including transit and bicycle) circulation;
- Population densities in the Added Area will be consistent with the City of Pleasant Hill General Plan and should not directly affect the population density of Pleasant Hill;

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<sup>1</sup> The Preliminary Report includes industrial land uses in this list. However, because the Planning Commission has recommended removing the Hookston Station area, where the industrial land uses are located, this no longer applies.

<sup>2</sup> Pleasant Hill Redevelopment Agency, Preliminary Plan for Proposed Amendment No.14 to the Redevelopment Plan for the Pleasant Hill Commons Redevelopment Project, March 3, 2008.

- Building intensities in the Added Area will be consistent with the City of Pleasant Hill's development standards as set forth in the Pleasant Hill Zoning Code. Building standards include requirements for lot size, building setback and height, and parking; and
- Building standards shall conform to the building requirements of applicable local, regional, state, and federal codes and ordinances.
- The Proposed Plan Amendment is consistent with the Preliminary Plan for the Added Area.

## VIII. Report and Recommendations of the Planning Commission

The Report to City Council must include the report and recommendations of the Planning Commission.

### A. Statutory Requirements

CRL Sections 33352(h) and (j) state:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(h) The report and recommendations of the planning commission.*

*(j) The report required by Section 65402 of the Government Code.*

The following sections of the CRL describe the purpose and requirements for review of a redevelopment plan by the Planning Commission:

*33346. Before the redevelopment plan of each project area is submitted to the legislative body, it shall be submitted to the planning commission for its report and recommendation concerning the redevelopment plan and its conformity to the general plan adopted by the planning commission or the legislative body. The planning commission may recommend for or against the approval of the redevelopment plan.*

*33347. Within 30 days after a redevelopment plan is submitted to it for consideration, the planning commission shall make and file its report and recommendation with the agency. If the planning commission does not report upon the redevelopment plan within 30 days after its submission by the agency, the planning commission shall be deemed to have waived its report and recommendations concerning the plan and the agency may thereafter approve the plan without the report and recommendations of the planning commission.*

### B. Analysis

On June 16, 2008, the Agency referred the Plan Amendment to the Planning Commission for its report and recommendation. On July 8, 2008, the Planning Commission held a public hearing on the Plan Amendment, found it to be in conformance with the Pleasant Hill General Plan, and transmitted to the Redevelopment Agency its report and recommendation to approve the Plan Amendment in its current form. The Planning Commission based its conformance finding on the fact that land use designations in the Plan Amendment are the same as the land use designations in the City's General Plan. On August 12, 2008, the Planning Commission amended its report and recommendation on the Plan Amendment to recommend removal of the Hookston Station Area.

The Pleasant Hill General Plan contains policies applicable to the Added Area. The land uses and developments envisioned within the Plan Amendment are consistent with these policies.

The report and recommendation of the Planning Commission in the form of Resolution No. 12-08, as amended by Resolution No. 14-08, is provided in Appendix J.

## **IX. Summary of Public Review of the Plan Amendment**

The Agency has provided opportunities for the public to participate and comment during Plan Amendment process.

### **A. Statutory Requirements**

Section 33385 of the CRL requires the legislative body to form a Project Area Committee (PAC) for a proposed plan or plan amendment in either of the following situations:

- (1) A substantial number of low-income persons or moderate-income persons, or both, reside within the project area, and the redevelopment plan as adopted will contain authority for the agency to acquire, by eminent domain, property on which any persons reside.*
- (2) The redevelopment plan as adopted contains one or more public projects that will displace a substantial number of low-income persons or moderate-income persons, or both.*

The Commons Redevelopment Plan Amendment does not require a PAC because no residents live in the Added Area. Therefore, the Plan Amendment will not extend eminent domain over properties on which persons reside, and the Agency will not undertake projects that would displace a substantial number of low and moderate-income residents.

Section 33387 requires that a summary of the PAC proceedings be included in the Report to Council. Since a PAC is not required for the Plan Amendment, this Report instead includes a summary of the public opportunities to review and comment on the Plan Amendment and related documents.

### **B. Analysis**

#### **1. Public Hearings**

On July 8, 2008, the Planning Commission conducted a public hearing on the Draft Environmental Impact Report (DEIR). The Agency and City Council have scheduled a joint public hearing on the Plan Amendment, the Final EIR and the Implementation Plan for the Added Area for September 22, 2008.

Per CRL Section 33349, the hearing will be advertised in the Contra Costa County Times, a newspaper of general circulation, for four successive weeks prior to the public hearing. Additionally, all property owners and businesses will be sent first class mail notification of the hearing 30 days prior to the hearing. Affected taxing entities will be notified by certified mail, return receipt requested. The State Departments of Finance and Housing and Community Development have also received notice of the joint public hearing by first class mail 45 days prior to the hearing.

## **2. Written Objections to Plan Amendment**

As specified in the CRL Section 33363, the City Council will respond in writing to any written objections to the Plan Amendment from property owners and taxing agencies received prior to or on the day of the joint public hearing. The City Council's written responses will be completed prior to the adoption of the Plan Amendment and will become part of the record of the adoption of the Plan Amendment.

## X. Environmental Review

The Agency and the Planning Commission have prepared the Draft Environmental Impact Report (DEIR) for the Plan Amendment. PBS&J, the Agency's EIR consultant, anticipates completing the Final Environmental Impact Report (Final EIR), including responses to all comments and responses on the DEIR, in September 2008. The EIR provides the environmental documentation required by the CRL and the California Environmental Quality Act (CEQA) for the Plan Amendment, and is incorporated by this reference into this Report to Council.

### A. Statutory Requirements

Section 33352(k) of the CRL requires that this Report include the report required by Section 21151 of the Public Resources Code, i.e., the Environmental Impact Report (EIR).

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(k) the report required by Section 21151 of the Public Resources Code.*

CA Public Resources Code 21151:

*(a) All local agencies shall prepare, or cause to be prepared by contract, and certify the completion of, an environmental impact report on any project that they intend to carry out or approve which may have a significant effect on the environment. When a report is required by Section 65402 of the Government Code, the environmental impact report may be submitted as a part of that report.*

*(b) For purposes of this section, any significant effect on the environment shall be limited to substantial, or potentially substantial, adverse changes in physical conditions which exist within the area as defined in Section 21060.5.*

*(c) If a nonelected decisionmaking body of a local lead agency certifies an environmental impact report, approves a negative declaration or mitigated negative declaration, or determines that a project is not subject to this division, that certification, approval, or determination may be appealed to the agency's elected decisionmaking body, if any.*

### B. Analysis

The EIR is intended to serve as a public disclosure document. It identifies and describes environmental impacts associated with the Plan Amendment that are likely to be significant, and describes mitigation measures that could minimize or eliminate significant adverse impacts. The EIR also identifies and evaluates reasonable alternatives to the Plan Amendment.

The City recently completed the process of preparing a DEIR for the Plan Amendment. Planning staff prepared the Initial Study, which was available for public review from March 11 through April 9, 2008. Planning staff transmitted the Notice of Completion to the State Clearinghouse on June 18, 2008. The notice of availability of the DEIR was distributed to public agencies, persons and organizations that requested such notice, property owners and occupants on June 17, 2008 and published on June 20, 2008. On July 8, 2008, the Planning Commission conducted a public hearing on the DEIR.



The 45-day public review period for the DEIR ended on August 1, 2008. Written comments on the DEIR and the responses to the comments will be included in the Final EIR.

In September or October 2008 both the City Council and Agency Commission will consider certifying the Final EIR as accurate, complete and in compliance with the CEQA. Certification of the Final EIR must occur prior to final action on the Plan Amendment. Certification of the Final EIR does not constitute approval of the Plan Amendment. The separate Final EIR document serves as the principal background reference for environmental impact and mitigation information for the decision-makers during deliberations pertaining to the Plan Amendment.

# **XI. Analysis of the County Fiscal Officer's Report**

This chapter of the Report to Council includes the analysis of the County Fiscal Officer's Report (33328 Report). A summary of consultations with the affected taxing entities is included in Chapter XII of this Report.

## **A. Statutory Requirements**

Section 33352(n) of the CRL requires:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.*

Section 33328 of the CRL requires that:

*The county officials charged with the responsibility of allocating taxes under Section 33670 and 33670.5 shall prepare and deliver to the redevelopment agency and each of the taxing entities, a report which shall include the following:*

- (a) The total assessed valuation of all taxable property within the project area as shown on the base year assessment roll.*
- (b) The identifications of each taxing entity levying taxes in the project area.*
- (c) The amount of tax revenue to be derived by each taxing entity from the base year assessment roll from the project area, including state subventions for homeowners, business inventory, and similar subventions.*
- (d) For each taxing entity, its total ad valorem tax revenues from all property within its boundaries, whether inside or outside the project area.*
- (e) The estimated first year taxes available to the redevelopment agency, if any, based upon information submitted by the redevelopment agency, broken down by taxing entities.*
- (f) The assessed valuation of the project area for the preceding year, or, if requested by the redevelopment agency, for the preceding five years, except for state assessed property on the board roll. However, in preparing this information, the requirements of Section 33670.5 shall be reported by block if the property is divided by blocks, or by any other geographical area as may be agreed upon by the agency and county officials.*

In addition, Section 33328.1(a) requires the County Fiscal Officer to prepare an additional report to be provided to the DOF at the same time the County Fiscal Officer's Report is prepared. The report to DOF must contain estimates of tax increment and pass through payments to each school district, county office of education, and community college district over the duration of the Added Area. It must also contain projections of property tax revenue allocations to each school district, county office of education, and community college district over the same time period and assuming the Plan Amendment is not adopted.

Section 33328.1(a) of the CRL requires that:

*(a) When the county officials charged with the responsibility of allocating taxes pursuant to Sections 33670 and 33670.5 deliver the report required pursuant to Section 33328, they shall also prepare and deliver to the Department of Finance, in the form and manner prescribed by the department, a report that includes all of the following:*

- (1) The information specified in subdivisions (a), (b), and (c) of Section 33328.*
- (2) A projection of the total amount of tax revenues that may be allocated pursuant to Sections 33670 and 33670.5 for the duration of the project area.*
- (3) A projection of the amount of tax revenues that would have been allocated to each school district, county office of education, and community college district for the duration of the project area, but for the allocation of tax revenues pursuant to Sections 33670 and 33670.5.*
- (4) A projection of the amount of tax revenues that may be allocated to each school district, county office of education, and community college district pursuant to Sections 33401, 33607.5, 33607.7, and 33676 for the duration of the project area.*

## **B. Introduction**

On March 4, 2008, pursuant to CRL Section 33327, the Agency staff transmitted to County officials, affected tax entities, and the State Board of Equalization (SBE) the statement of plan preparation, the legal description and a boundary map, designating FY 2008/09 as the proposed base year for determining tax increment revenue with respect to the Added Area. The Agency also requested a 33328 Report from the Contra Costa County Auditor-Controller on March 4, 2008.

## **C. Report of the County Fiscal Officer**

The Auditor-Controller of Contra Costa County issued a report in compliance with Section 33328 of the CRL on April 25, 2008 utilizing FY 2007/08 base year value for the Added Area because the FY 2008/09 value was not yet available. The Report of the County Fiscal Officer is included in Appendix F of this Report to Council. The information is analyzed below and, together with the 2008/09 assessed values of the Added Area provided by the County Assessor's Office, has been incorporated into the tax increment projections contained in Chapter IV, Proposed Method of Financing and Feasibility, and Appendix E, Tax Increment Projections.

## **D. Total Assessed Value of Property in the Project Area**

The base year for the Added Area will be fiscal year FY 2008/09. The FY 2008/09 assessed value of the Added Area is \$77.1 million, according to the Contra Costa County Assessor's Office. Tax increment projections included in this Report to Council use FY 2008/09 assessed value data.

## **E. Identification of Affected Taxing Agencies**

As shown in the County Fiscal Officer's Report, the following taxing entities were identified as levying taxes in the Added Area:

- City of Pleasant Hill
- Contra Costa County General Fund
- Contra Costa County Library
- Contra Costa County Fire District
- Contra Costa County Flood Control District
- Contra Costa County Flood Z8
- Contra Costa County Water Agency
- Contra Costa County Resource Conservation
- Contra Costa County Mosquito & Vector Control
- Central Contra Costa Sanitary District
- Mount Diablo Healthcare District
- Pleasant Hill Parks and Recreation District
- Contra Costa Water District
- Bay Area Rapid Transit District (BART)
- Bay Area Air Quality Management District
- East Bay Regional Parks District
- Pleasant Hill Street Lighting District #1
- Contra Costa County Superintendent of Schools
- Mount Diablo Unified School District
- K-12 Educational Revenue Augmentation Fund (ERAF)<sup>1</sup>
- Educational Revenue Augmentation Fund (ERAF)<sup>1</sup>

## **F. Ad Valorem Tax Revenues Derived by Each Taxing Entity**

The total ad valorem tax revenue to be derived by the affected taxing agencies from all properties within the Added Area boundaries for FY 2007/08 was not provided in the 33328 Report.

The County Fiscal Officer's Report provides the tax distribution for each taxing entity. The tax rates for each taxing entity in the Added Area are shown in Table XI-1.

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<sup>1</sup> The County Fiscal Officer's Report includes K-12 ERAF and ERAF in the list of affected taxing entities.

**Table XI-1**  
**Base Year (FY 2007/2008) Property Tax Distribution to the Affected Taxing Entities**  
**Added Area**  
**Commons Redevelopment Project**

<b>Taxing Entities</b>	<b>Property Tax Distribution<sup>a</sup></b>
City of Pleasant Hill	0.32%
Contra Costa County General Fund	24.57%
Contra Costa County Library	2.61%
Contra Costa County Fire District	11.28%
Contra Costa County Flood Control District	0.34%
Contra Costa County Flood Z8	0.52%
Contra Costa County Water Agency	0.06%
Contra Costa County Resource Conservation	0.03%
Contra Costa County Mosquito & Vector Control	0.55%
Central Contra Costa Sanitary District	1.53%
Mount Diablo Healthcare District	0.04%
Pleasant Hill Parks and Recreation District	0.33%
Contra Costa Water District	0.33%
Bay Area Rapid Transit District (BART)	1.23%
Bay Area Air Quality Management District	0.36%
East Bay Regional Parks District	5.21%
Pleasant Hill Street Lighting District #1	0.05%
Contra Costa County Superintendent of Schools	3.05%
Mount Diablo Unified School District	12.18%
K-12 Educational Revenue Augmentation Fund (ERAF) <sup>b</sup>	26.41%
Educational Revenue Augmentation Fund (ERAF) <sup>b</sup>	9.00%
<b>Total General Tax Rate</b>	<b>100.00%</b>

a. Distribution percentage is the same for both secured and unsecured tax rolls.

b. Tax rates are adjusted to account for the ERAF shares of property taxes.

Source: County Fiscal Officer's Report, April 25, 2008.

The respective taxing entities will continue to receive their proportionate share of property tax revenues, based on the FY 2008/09 base year assessed values, over the life of the 45-year tax increment receipt period. In addition, statutory pass-through allocations required under CRL Section 33607.5 will provide for a share of the incremental growth in property tax revenues from the Added Area. Chapter IV describes tax increment and pass-through allocations in more detail and Appendix E presents the tax increment projections.

## **G. Estimated First Year Taxes Available to the Redevelopment Agency**

The County Fiscal Officer's Report does not include estimated first year taxes available to the Agency.

## **H. Assessed Valuation of the Project Area from the Preceding Year**

The County Fiscal Officer's Report does not include the preceding year's assessed valuation for the Added Area.

## **XII. Consultations with Taxing Entities**

Section 33328 of the CRL requires that prior to public hearing on the Plan Amendment adoption, the Agency must consult with each taxing entity that levies taxes, or for which taxes are levied, on property in the Added Area. The Agency must consult on the proposed Plan Amendment and the allocation of tax increment revenues. Pursuant to Section 33352(n), if any of the affected taxing entities express written objections or concerns about the Plan Amendment as part of these consultations, the Agency must include a response to these concerns, additional information, if any, and, at the discretion of the Agency, proposed or adopted mitigation measures.

### **A. Statutory Requirements**

CRL Section 33352(n) provides the following:

*Every redevelopment plan submitted by the agency to the legislative body shall be accompanied by a report containing...the following:*

*(n) (1) An analysis by the agency of the report submitted by the county as required by Section 33328, which shall include a summary of the consultation of the agency, or attempts to consult by the agency, with each of the affected taxing entities as required by Section 33328. If any of the affected taxing entities have expressed written objections or concerns with the proposed project area as part of these consultations, the agency shall include a response to these concerns, additional information, if any, and, at the discretion of the agency, proposed or adopted mitigation measures.*

*(2) As used in this subdivision:*

*(A) "Mitigation measures" may include the amendment of the redevelopment plan with respect to the size or location of the project area, time duration, total amount of tax increment to be received by the agency, or the proposed use, size, density, or location of development to be assisted by the agency.*

*(B) "Mitigation measures" shall not include obligations to make payments to any affected taxing entity.*

### **B. Identification of Affected Taxing Entities**

The Agency sent a copy of the Preliminary Report to the following affected taxing entities on June 17, 2008:

- Contra Costa County General Fund
- Contra Costa County Library
- Contra Costa County Fire District
- Contra Costa County Flood Control District
- Contra Costa County Flood Z8
- Contra Costa County Water Agency
- Contra Costa County Resource Conservation
- Contra Costa County Mosquito & Vector Control
- Central Contra Costa Sanitary District

- Mount Diablo Healthcare District
- Pleasant Hill Parks and Recreation District
- Contra Costa Water District
- Bay Area Rapid Transit District (BART)
- Bay Area Air Quality Management District
- East Bay Regional Parks District
- City of Pleasant Hill
- Contra Costa County Superintendent of Schools
- Mount Diablo Unified School District
- Pleasant Hill Street Lighting District #1

### **C. Communications with Taxing Entities**

On June 17, 2008, at least 90 days prior to the scheduled public hearing on the Plan Amendment scheduled for September 22, 2008, the Agency transmitted a copy of the Preliminary Report to the governing body of each affected taxing entity. The Preliminary Report notified the taxing entities of the Agency's intent to use FY 2008/09 as the base year for the Plan Amendment. The transmittal letter included with the Preliminary Report notified the taxing entities of the scheduled July 15, 2008 consultation on the Plan Amendment.

### **D. Meeting with Taxing Agencies**

The Agency held a consultation with affected taxing entities on Tuesday, July 15, 2008 from 2:00 to 4:00 PM, at the Agency's offices.

No representatives of the affected taxing entities attended the meeting.

### **E. Comments Received from Taxing Agencies and Agency Responses**

The Agency's June 17, 2008 letter to the taxing agencies requested comments on the Preliminary Report and notified the agencies of the July 2008 meeting. As of the date of this Report, the Agency has not received written objections or concerns from the affected taxing entities on the Plan Amendment.